

Army Contracting Command National Capital Region Contracting Center

Purchase Card Operating Procedures

“If a soldier shoots it, drives it, flies it, wears it, or eats it, AMC provides it.”



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GLOSSARY

Abuse

Use of a government charge card to buy authorized items, but at terms (e.g., price, quantity) that are excessive, for a questionable government need, or both. Examples of such transactions would include purchase of items such as a day planner costing \$300 rather than one costing \$45; allowable refreshments at an excessive cost; and, year-end or other bulk purchases of computer and electronic equipment for a questionable government need.

Access Online

U.S. Bank Access® Online is your single source for purchasing card program management and related data - including viewing, certifying and/or approving, disputing and reallocating transactions online on behalf of cardholders. Access Online replaced the US Bank C.A.R.E. system. To obtain a password, please contact your A/OPC at gsasmartpay@conus.army.mil.

Account Profile

Detailed information in Access Online about a cardholder or managing account, including demographic data, authorization limits, default accounting code, and other account information.

Account Status

A code (e.g., T9, Q9) included with account information in Access Online that indicates the status of the account on the card operating system. Whenever an account status other than Open displays, an account status description also displays on the screen for easy user reference. Also see *Status Description*.

Account Status	Status Description
T9	Terminated
F1	Lost or Stolen
V9	Temporarily Closed
M9	Suspended
Q9	Closed
FA	Fraud
R9	Cancelled
S1 (Air Force Accounts Only)	Temporarily Suspended

Accounting Code Structure (ACS)

A sequential series of segment names and lengths that reflects each organization's unique accounting framework. An ACS includes a specific number of segments, the length of each segment within that structure, and the name for each segment. The ACS is the basis for default accounting codes and accounting validation controls (AVCs), such as child AVCs and alternate accounting codes.

Accounting Code Segment

A single portion of an accounting code, corresponding with some portion of an organization's internal accounting framework. When combined, accounting code segments make up a complete accounting code structure.

Accounting Code View

A parameter that U.S. Bank sets up for a client that defines which accounting code segments users types (e.g., cardholders, financial managers) can view and reallocate. For example, if cardholders should reallocate only one segment of an account code, an accounting code view can give cardholders access to only that segment when they reallocate transactions. Access Online offers three different client-defined accounting code views. Each type of user is assigned to one of three views.

Accounting Validation Control (AVC)

Rules the financial manager sets up in Access Online that help ensure that users reallocate transactions to valid accounting codes. AVCs can include lists of valid accounting code values for a specific accounting code segment. AVCs can also include rules on whether entry during reallocation is required for a given segment, whether a given segment must be numeric, and other parameters that affect transaction reallocation. Also see *Child Accounting Validation Control*, *Alternate Accounting Code*, and *Segment Dependency*.

Action Day Limit

After cycle closes the cardholders have 15 days to approve transactions and statements using the account approval process or they will be locked out of the system and the billing official will have to perform the action.

Active Work Queue

A sub-task under the Account Setup function that enables an A/OPC or financial manager to access a list of tasks that another user has passed on via the workflow process or that the A/OPC or financial manager has selected to file for later. For example, the A/OPC may set up account demographics, but need to check an email address, so the A/OPC files the demographic setup for later. That A/OPC can access the demographic set up via his/her active work queue. Once done with the demographic setup, the A/OPC may forward the authorization limits setup to the financial manager, who accesses the authorization limits setup via his/her active work queue.

Agency Program Coordinator (APC)

The government organization's representative responsible for day-to-day program management.

Agent Number

A unique four-digit number that identifies one or more top hierarchy levels of a client organization. Used to define the bank/agent relationship. For example, the Department of Defense may have agent numbers for each Level 4 (e.g., OAA, OA21, or ACA). Each Level 4 could have a unique agent number. Some installations have multiple Level 4s, each having their own unique agent number.

Allocation

The accounting code assigned to a transaction.

Alternate Line of Accounting (Alt LOA)

See *Alternate Accounting Code*.

Alternate Accounting Code

A valid, complete line of accounting based on values the financial manager manually specifies or uploads via a valid values list.

Alternate Billing Official (ABO)

See, Approval Manager

Approval Manager

A billing official (BO) or designated Alternate, Billing official with the entitlement to review, approve and/or certify transactions and/or cardholder account statements approved by cardholders and to review, approve and/or certify managing accounts as part of the account approval process. Alternate Billing Officials are required for every account. Cannot be a contractor.

Approval Status

The status of the transaction and account as part of the account approval process (e.g., approved, pending).

Authorization Limit

Dollar amount or other parameter that sets a limit on a specific cardholder or managing account. Also called a *velocity limit*.

Authorization Number

A number that U.S. Bank provides to authorize a transaction, which might be used for fraud investigation or dispute processing.

Autoapproval

A transaction management function that automatically approves transactions bypassing the manual transaction approval process.

Automatch

An order management process in which Access Online attempts to automatically match all transactions to orders using the purchase order number on the order and the cardholder's account number. If the system does not automatch a transaction to an order, then users can match the transaction manually to the order. In addition to purchase order number and cardholder account number, transaction date variance (plus or minus days from the manual order creation date), and transaction amount variance (plus or minus a dollar amount or percentage of the order).

Billing Cycle

The monthly cycle on which U.S. Bank bills the managing account (the 20th of every month through the 19th of the following month).

Billing Official

See *Approval Manager*.

Billing Official Credit Limit

The dollar value of the maximum credit associated with managing account. It is three (3) times the billing official cycle limit. This limit is required by billing officials when contacting US Bank customer service.

Billing Official Cycle Limit:

Maximum dollar amount that can be spent by all cardholders rolling up to a given Billing Official for a cycle. This spending limit must be realistic. It is reset automatically the day after the end of the billing cycle and not carried forward. For example, in May, a BO's cycle limit was \$5,000 and only \$4,800 was spent – in June, the cycle limit would return to \$5,000. US Bank has controls to "refer" transactions for authorization after the limit is reached.

Cardholder

The individual Government employee or military service member to whom both a delegation of procurement authority and Government purchase card is issued. The card bears the employee's name and can be used only by that employee for official purchases, in compliance with the agency's regulations and procedures and General Service Administrations (GSA) Government Commercial Credit Card Services contract (GSA Smartpay 2). Cannot be a contractor.

Cardholder Single Purchase Limit: maximum dollar amount that will be authorized for any one transaction or purchase for a specific account or Cardholder. If a CH attempts to make a purchase that exceeds the single purchase limit the transaction will be rejected by U.S. Bank. Splitting purchases to avoid rejection of the transaction is a violation of the law. In accordance with FAR Part 13, the micro-purchase threshold is \$3,000. Neither CHs nor check writers can exceed the micro-purchase threshold for purchases. CHs may be authorized to use the purchase card to pay for training up to \$25,000 using the SF 182 (DD Form 1556 is obsolete). In addition, with advanced Government Purchase Card training, CHs may be authorized to order or pay for supplies and services up to \$25,000. See [Chapter 14](#) on requesting changes to purchase limits above \$3,000.

Cardholder Cycle Limit: maximum dollar amount that can be spent per month or cycle for a specific account or Cardholder

Cardholder Dollar Limit Per Quarter: maximum dollar amount that can be spent per quarter for a specific account or Cardholder

Cardholder Dollar Amount Per Year: maximum dollar amount that can be spent per year for a specific account or cardholder

Child Rule Set

See *Child Accounting Validation Control*.

Child Accounting Validation Control (AVC)

A type of accounting validation control (AVC) based on an existing AVC. The child AVC inherits all the parameters of the AVC it is based on, but is at least as restrictive as the original AVC. Also see *Accounting Validation Control*.

Confirm and pay —

In this model, the agency Cardholders and Billing Officials manage individual transactions (e.g., approve, reallocate) before payment is remitted to U.S. Bank Government Services. Billing Officials perform different tasks.

Contact Information

The cardholder's name, address, phone number, and email address that displays on Access Online's User Profile screen, which the A/OPC uses only to communicate with the cardholder. The cardholder can edit this information in Access Online using the My Personal Information function. The contact information has no association with the cardholder account information, statement mailing address, or billing address.

Contracting Officer

A military/civilian employee to whom contracting authority has been delegated. This is accomplished by a written appointment in the form of a SF-1402, in accordance with the FAR 1.603-3.

Convenience Checks

An account setup option that sends convenience checks to the cardholder. Convenience checks supplement an organization's card program. Convenience checks provide a cost-effective option for purchases from merchants who are not capable of accepting cards. Cardholders use convenience checks for payment in accordance with their organization's policies, procedures, and any applicable procurement regulations. The set up for convenience checks typically takes 6 weeks.

Custom Valid Values List

Valid accounting code values for a child accounting validation control that are not in the original AVC.

Cycle Day

The day of the month on which the account information and billing refreshes. The cycle day is the first day after the cycle end date. For example, if the cycle end date is the 19th of every month, the cycle day is the 20th of every month.

Cycle Dollar Limit

An authorization limit that is the dollar limit per cycle associated with a cardholder or managing account. This limit is input into access online by your agency's resource manager.

Cycle End Date

The day of the month the cardholder account billing cycle ends (e.g., the 19th of every month).

Data Exchange

The function in Access Online for copying, sending, uploading and viewing files between U.S. Bank and a client. Also referred to as *File Transfer*.

Default Accounting Code

The accounting code assigned to a cardholder account and/or managing account, including a value for each segment. When an A/OPC and a financial manager set up a new cardholder account, the cardholder account assumes the default accounting code of the associated managing account, unless the financial manager specifies otherwise. Access Online automatically allocates each transaction to the cardholder's default accounting code when the transaction enters Access Online, unless the system has not already assigned an accounting code based on a merchant allocation rule.

Delegation of Procurement Authority

A delegation of procurement authority letter is a letter is issued to military/civilian employees selected to obtain a purchase card to purchase goods and services for their agency.

Dispute

A process for a cardholder or A/OPC to question Visa or MasterCard about some aspect of a specific transaction (e.g., fraudulent purchase), within 60 days, if initial efforts to resolve the issue with the merchant fail.

Duplicate Order

In order management, an order that is an exact replica of another order.

Extract File

In extract management, a file pulled from Access Online containing designated transaction data, usually for feed into a client financial system. An organization can set this file up as a standard, general ledger, or payment extract file.

Extract Management

The process for pulling transaction data from Access Online to feed into a client system in a file format that meets the organization's needs. U.S. Bank works with each organization to set up the parameters of extract management during implementation. See also *Extract File*.

F1

An account status designating a cardholder or managing account as lost or stolen. Also refer to *Account Status* and *Status Description*.

FA

An account status designating a cardholder or managing account as associated with fraudulent activity. Also refer to *Account Status* and *Status Description*.

File Transfer

See *Data Exchange*.

Fiscal Year

October 1 through September 30. Refresher training must be completed once every fiscal year (see chapter 3). Purchase Card Reviews must be completed at least once every fiscal year (see chapter 9).

Financial Manager

A government staff member responsible for the financial aspects of program administration, such as setting up cardholder account authorization limits or accounting validation controls. Referred to as Resource Manager. Also referred to as a *financial services officer* (FSO) for the Air Force Accounts.

Fraud: Any act of corruption or attempt to cheat the Government or corrupt the Government's agents, including but not limited to, the use of government charge cards to transact business that is not sanctioned, not authorized, not in one's official government capacity, not for the purpose for which the card was issued, or not as part of official government business.

Fulfillment

In order management, a designation attached to an order to indicate if transactions have been matched to it. The system considers the order fulfilled when the total payment equals or is greater than the order amount plus tolerance.

Functional Entitlement Group

A grouping of available tasks and functions in Access Online assigned to a group of users to establish which tasks and functions the group has access to. For example, one functional entitlement group for cardholders enables the cardholders to view their statements, manage their personal information, and view their transactions, but disables the ability to set up accounting validation controls, set up new accounts, or performs other functions.

Ghost Shopper

Cardholders are not allowed to delegate their authority to permit others to shop on their behalf.

Hierarchy Node

See *Processing Hierarchy* and *Reporting Hierarchy* entries.

Independent Receipt and Acceptance

Documentation evidencing reasonable assurance that the organization actually received what it paid for. A legible signature/date must appear on the receipt, invoice or packing slip. This is performed by a government person (someone other than the cardholder).

Level I Data

The minimum amount of data required to clear and settle a financial transaction. Also known as *financial data* or *draft data*. For purchasing card programs, Level I data includes merchant name, merchant city, merchant state, merchant ZIP code, MCC transaction amount, and date of sale.

Level II Data

Summary data in addition to Level I data that accompanies Level I data, but that is not required to clear and settle a transaction. Also known as *enhanced data*. For purchasing card programs, Level II data may include sales tax and customer code (e.g., department, cost center, purchase order number, or invoice number).

Level III Data

Line item data pertaining to a transaction in addition to Level I and Level II data, but not attached to Level I or Level II data. Level III data is captured from a number of sources and processed in records separate from sales drafts. Also known as *enhanced data*. For purchasing card programs, Level III data may include detailed tax information, discount amount, freight and ship amount, duty amount, ship to/from ZIP codes, order date, item commodity code, item description, quantity, unit of measure, and unit cost. For detailed information on Level I, II, and III data, refer to the *Access Online: Transaction Management User Guide*.

Log Entry

See *Manual Order* entry.

M9

An account status designating a cardholder or managing account as suspended due to non-payment. Also refer to *Account Status* and *Status Description*.

Managing Account

An account that controls all the funding between U.S. Bank and an organization. All cardholder transactions pass through a managing account to ensure that appropriate funds are available for each transaction. For government organizations, the managing account performs a crucial function for billing and payment processing.

Manual Order

An order a user creates manually in Access Online, rather than by using an electronic purchasing program external to Access Online. For example, a cardholder may create a manual order for an overnight delivery scheduled over the Internet that has not yet posted to Access Online. A manual order will let the user record information about the transaction, such as tracking number, and then later match a posted transaction to the order.

Market Research

Collecting and analyzing information about sources to obtain your requirement and satisfy your agency need. This is performed in accordance with FAR Part 8. The primary sources are the mandatory sources/government sources. The last source is commercial sources. Exercise due diligence when analyzing commercial sources.

Match Criteria

In order management, the criteria the A/OPC sets up for matching an order (normally a manual order) and transactions automatically in Access Online.

Merchant

The source for agency/organization supplies or services. The merchant may be a required source inside or outside the government, another government agency, or a private sector merchant of supplies or services.

Merchant Authorization Control

A parameter that an A/OPC can add during cardholder or managing account setup that authorizes or blocks purchases at specified merchants and/or merchant types (e.g., accept office supplies, but block liquor stores and casinos).

Merchant Category Code (MCC)

A four-character numeric merchant category code that Visa or MasterCard assigns to each merchant. For example, in the Office Supplies MCC group, specific types of stores have unique MCCs (e.g., Computer Software Stores-5734, Software Stores-5943).

Merchant Category Code (MCC) Blocking

A designation attached via managing account to an account(s) that disallows a specified MCC group to be charged (e.g., casinos, pawn shops). The blocking is established by attaching a merchant authorization control to a cardholder and/or managing account. If authorized MCCs are attached and set to authorize, then non-authorized MCCs are effectively blocked. If non-authorized MCCs are attached and set to block, then those MCCs are blocked and all other MCCs are effectively authorized. See also *Merchant Authorization Control*.

Merchant Category Code (MCC) Group

A logical grouping of merchant category codes (MCCs). For example, the Office Supplies MCC group includes all individual types of office supply merchants (e.g., Computer Software Stores, Software Stores). Visa or MasterCard provides default MCC groups that U.S. Bank includes in Access Online.

Micropurchase Threshold

An acquisition of supplies or services, the aggregate amount of which does not exceed the micro-purchase threshold of \$3,000. Except for the acquisition of services subject to the Service Contract Act, the micropurchase threshold is \$2,500.

Misuse

Use of a federal charge card by an authorized user for other than the official government purpose(s) for which it is intended.

Open Market Purchase

Any order that is NOT through an existing contract (such as Federal Supply Schedule Contracts, previously awarded Blanket Purchase Agreement's or Indefinite Delivery Indefinite Quantity (IDIQ) contracts, or other Government Wide Area – Contracts). Cardholders do not have authority to make open market purchases above the micropurchase limit using the purchase card. This is a violation to do so. The only exception is for commercial training using the Standard Form 182.

Order Management

A function in Access Online that allows government cardholders to create manual orders so that they can record information about a transaction before it posts and then later match the posted transaction to the order. See also *Manual Order*.

Order Matching

The process of matching transactions to orders in Access Online.

Order Source

The user ID of the cardholder who created the manual order.

Organization Short Name

A code that identifies a client in Access Online (e.g. ARMY).

Parent Rule Set

See *Accounting Validation Control* and *Accounting Code Structure*.

Pay and confirm — In this model, the agency first remits payment to U.S. Bank Government Services and then Cardholders and Billing Officials review, reconcile and approve and/or certify transactions and statements.

Pecuniary Liability

BOs are financially liable for erroneous payments in accordance with DoD Directive 7000.15, "DoD Accountable Officials and Certifying Officers," and Chapter 33, "Accountable Officials and Certifying Officers," Volume 5, DoDFMR. Pecuniary liability is defined as personal financial liability for fiscal irregularities of disbursing and certifying officers and accountable officials as an incentive to guard against errors and theft by others and also to protect the government against errors and dishonesty by the officers themselves. The amount of the pecuniary liability is determined under Title 31 U.S.C 3729.

Percent Cash

The maximum percentage of a cardholder or managing account's credit limit that a user can write in convenience checks. This will be set by the APC at 100% for check accounts. *This parameter is not related to cash advances.*

Posting Date

The date a transaction posted in U.S. Bank's payment processing system.

Processing Hierarchy

A hierarchy that controls how Access Online processes transactions for billing and accounting purposes. The available levels include Bank, Agent, Company, Division and Department. Government clients use only the Bank, Agent, and Company levels, although the Division and Department levels display as blank fields in Access Online.

Processing Hierarchy Level

A level in the processing hierarchy (e.g., agent level, company level). Users most often encounter this term when describing where a type of parameter is set. For example, an organization may set all accounting validation controls at the company level, but set process controls at the agent level.

Program Management Office

The government entity with ultimate responsibility for contract and card program management.

Purchase Identification

Typically, the purchase order number from the order or, occasionally, other information the merchant might enter.

Purchase Order (PO) Number

A number assigned to a manual order to identify the order in the system.

Purchasing Card

A card that is traditionally used to purchase high-volume, low-dollar transactions, such as office supplies. A purchasing card generally excludes travel and entertainment transactions, such as airline tickets and hotel stays.

Q9

An account status designating a cardholder or managing account as closed. Also refer to *Account Status*.

Quarterly Dollar Limit

An authorization limit that is the dollar limit per quarter for a cardholder or managing account.

R9

An account status designating a cardholder or managing account as cancelled. Also refer to *Account Status* and *Status Description*.

Reallocation

The assignment of a different accounting code or codes to a transaction after the transaction is in Access Online. Most often, Access Online assigns the cardholder's default accounting code to the transaction when the transaction enters the system. When a cardholder reallocates a transaction, the cardholder assigns an accounting code to the transaction different from the one the system assigned automatically when the transaction entered the system. The cardholder can also divide a transaction among multiple accounting codes, including keeping a portion of the transaction assigned to the default accounting code (e.g., keep 50 percent of the transaction with the default accounting code 444-555-666, but assign the other 50 percent to accounting code 111-222-333).

Received

In receipt management (a function of order management), a designation that a user has marked in Access Online that some or all of an order has been received. For example, loading dock staff may mark a shipment of copy paper as received once they process the entire shipment through the loading dock.

Reconcile

See *Order Matching* entry.

Reference Number

See *Transaction Reference Number*.

Reporting Hierarchy

A hierarchy customized for each government organization for reporting purposes only. U.S. Bank works with each organization to develop a customized reporting hierarchy in a system outside Access Online. For example, an organization may be organized by administration, service branch, major command, and installation. The reporting hierarchy will enable this organization to run reports sorted and filtered by these organizational parameters (e.g., sort a report for the General Services Administration by service branch).

Request Status Queue

A sub-task under the account setup function that enables an A/OPC to check the progress of account setup and maintenance requests. The queue lists information about the status of all requests, including tasks in the active work queue and requests users in your organization and within your processing hierarchy level have submitted.

S1

An account status designating a cardholder or managing account as temporarily suspended (air force accounts only). The billing official must approve past due monthly statements in order to reopen the account. Accounts only reopen the following Monday after the account has been approved. Also refer to *Account Status* and *Status Description*

Section 508:

Section 508 of the Rehabilitation Act (29 USC Chapter 794d), as amended by the Workforce Investment Act of 1998 (P.L. 105-220), August 7, 1998: Section 508 is a U.S. law that was enacted to eliminate barriers in information technology, to make available new opportunities for people with disabilities, and to encourage development of technologies that will help achieve these goals. It identifies specific standards for internet and web accessibility, which are often used as a basis for evaluating whether or not websites meet accessibility requirements.

Segment Dependencies

The creation of a relationship between two or more accounting codes segments in which the validity of one segment value is dependent on the value entered for another segment. Thus, when a cardholder enters an accounting code during transaction reallocation, Access Online validates that each segment has a valid value *and* that the *combination* of segment values is valid. This validation of the combination helps ensure that the entire accounting code is valid. A segment dependency is similar to an alternate accounting code, but does not build a valid, complete accounting code.

Segment Name

The text designation of a portion of an accounting code structure (e.g., *Appropriation*, *Object Class*). Most government organizations use the Financial Accounting 2 (FA2) structure, in which segment names and lengths are established for different sub-organizations.

Segment Value

The value of a given accounting code segment as part of a complete accounting code. For example, the last segment of an accounting code, the *Appropriation* segment, may have four valid values: 1234, 2345, 3456, and 4567. Also refer to *Valid Values List (VVL)*.

Simplified Acquisitions

Any order/payment that is made using the purchase card up to \$25,000 through an existing contract (such as Federal Supply Schedule Contracts, previously awarded BPAs or IDIQ contracts, or other Government Wide Area – Contracts). Cardholders do not have authority to make open market purchases above the micropurchase limit using the purchase card. This is a violation to do so. The only exception is for commercial training using the SF Form 182.

Single Purchase Limit

An authorization limit that is the dollar value of the maximum amount a cardholder can use for a single transaction (may include multiple items).

Smartpay 2 - The current GSA SmartPay[®] Master Contract expires on November 29, 2008. The future program is referred to as GSA SmartPay 2 (SP2). New Cards will be issued with a new design under the Smartpay 2 contract. The SP2 contract will begin on November 30, 2008 at 12:01 AM EST.

Split Purchase

Separating a known requirement that exceeds a cardholder's single purchase limit. No cardholder may fragment/split purchases that exceed the cardholder's limit or threshold as means to use the purchase card. To do so is a violation of federal procurement law (41 U.S.C. 427(b) and FAR 31.003(d)).

Status Description

Text included with account information that describes a cardholder account's status (e.g., OPEN, S1-CANCELLED). See also *Account Status*.

Strategic Sourcing

The process of continually analyzing the way agencies/organizations spend funds through contracts, delivery orders, and through the Government card program in order to ensure agencies/organizations are making efficient and effective purchases by:

- Leveraging their sourcing power by seeking opportunities to achieve discounts on commonly purchased goods and services; and
- Applying discounts to all charge card transactions, as appropriate.

Suspension

The process by which a particular charge card account is deactivated due to delinquency or multiple pre-suspension actions.

Subset Valid Values List

A smaller group of valid accounting code values for a child accounting validation control that is pulled from a larger list already attached to the original AVC. Each value in the subset must be in the original AVC's VVL for the accounting code segment.

T9

An account status designating a cardholder or managing account as terminated. See also *Account Status* and *Status Description*.

Tax ID Number

An identification number supplied to a merchant by the United States Internal Revenue Service for tax purposes.

Tolerance Parameters

Tolerance parameters enable you to manage matched transaction exceptions that exceed the order amount plus tolerance. Tolerance parameters also affect when Access Online designates an order as fulfilled. For example, if you set your tolerance at \$10 for orders, then the system can automatch transactions to the order up to \$100, since those transactions are within the order amount. Also, the system designates the order as fulfilled when it reaches \$90 (\$10 under the order amount). Cardholders can manually match transactions to orders after the system reaches the tolerance level of \$100, but the system flags transactions matched above the \$110 tolerance level as exceptions.

Transaction Approval Process

The approval of transactions and managing accounts in Access Online. Access Online forwards approved transaction's to an approval manager's queue for additional review and approval. The specific sequence of tasks and users mirrors the organization's internal approval structure and parameters. Most government organizations use the account approval process, instead of the transaction approval process. See also *Account Approval Process*.

Transaction Date

The date on which a specific transaction occurred.

Transaction Log (Tran Log)

See *Manual Order*.

Transaction Management

The Access Online function that enables users to complete a variety of tasks with transactions, depending on their access rights. Such tasks include viewing transaction data, reallocating transactions to different accounting codes, and adding comments to a transaction.

Transaction Reference Number

A number that Visa or MasterCard assigns to each transaction that is required to enter a dispute. Also sometimes referred to as *reference number*.

Unauthorized Use

The use of a charge card by a person, other than the cardholder, who does not have actual or implied authority for such use, and from which the cardholder receives no benefit.

User Profile

The collected information about an Access Online user's account including: user ID, name, address, access status, organization short name, authentication information, account assignments, functional entitlement group, and hierarchy assignments.

V9

An account status designating a cardholder or managing account as temporarily closed. Also refer to *Account Status*.

Validation

In transaction management, a process Access Online uses to check the accuracy of an accounting code segment value (e.g., the value must be numeric; the value must be from a predefined list of valid values).

Valid Values List (VVL)

A list of all possible values for a specific accounting code segment to be available at a specific processing hierarchy position. The financial manager uploads these lists to Access Online to ensure that cardholders at a specific processing hierarchy position select only valid values when reallocating transactions. For example, the financial manager at Agency A may want the cardholders in the Public Affairs office to only reallocate to the values 4321, 5432, 6543, and 7654 in the *Appropriation* segment. See also *Accounting Validation Control*.

Variance

In order management, a designation that shows the amount or percentage of difference between the order amount and the amount of the transactions matched to the order. Set as part of the A/OPC-defined parameters for automatching orders and transactions (Criteria 1, Criteria 2, and Criteria 3). Includes transaction date variance (plus or minus days from the order date) and transaction amount variance (plus or minus a dollar amount or percentage of the order).

Velocity Limit

See *Authorization Limit*.

Violations

A person who purchases goods and services in a manner the person knows to be contrary to the requirements of the NCRCC Purchase Card Operating Procedures, procurement statutes, regulations, DoD Purchase Charge Card Manual. Violations are a cause for the revocation of part or all of your procurement authority. Violations may also result in employee discipline by your own agency up to and including dismissal.

Chapter

1

1. INTRODUCTION

The Federal Acquisition Regulation (FAR) stipulates in Part 13.201(b) that “the Government-wide commercial purchase card shall be the preferred method to purchase and to pay for micro-purchases.” Micro-purchases are defined as procurements up to \$3,000 using appropriated funds.

The GSA SmartPay® 2 program provides charge cards to U.S. government agencies through master contracts that are negotiated with major national banks. There are currently over 350 agencies participating in the program spending \$30 billion annually, through 100 million transactions on over three million cards. The Office of Charge Card Management awarded the GSA SmartPay® 2 master contracts to Citibank, JP Morgan Chase, and U.S. Bank. In 2008, the Department of Defense awarded a task order to US Bank. On November 29, 2008 we transitioned to the new GSA SmartPay 2 cards. The contract period for SP2 has a four-year base period, with one four-year option period, and one three-year option period. In FY09 the GSA Smartpay 2 Contract Purchase Card Purchases totaled \$19.3 billion and earned \$255 million in rebates. OMB Memorandum M-09-25 issued March 2010 asked contracting for 40% in savings. Through process efficiencies in your purchase card program you can realize these savings. It is \$77 less expensive to use the purchase card for micropurchases than to generate a purchase order. This is in addition to maximizing rebates earned by making purchase card payments electronically.

The Government Purchase Card is an internationally accepted VISA purchase card, which may be used to –

- a. make purchases up to **\$3,000 (the new micro purchase limit)**; (except for the purchase of services covered under the service contract act).
- b. place a task order or delivery order up to \$25,000 **ONLY** if placed against an already existing contract, such as a GSA Schedule contract, other NCRCC indefinite quantity contract, or Blanket Purchase Agreement (BPA);
- c. procure commercial training below \$25,000 using the authorized training form (SF 182) ; and,
- d. make payments when the contractor agrees to accept the card.

The National Capitol Region Contracting Center (NCRCC) is now a subcommand under Army Material Command's (AMCs), Army Contracting Command (ACC). NCRCC supports Cardholders (CH) and Billing Officials (BO) from all DoD agencies and issues delegation of procurement authority letters to CHs and appointment packages to BOs authorizing their participation in the purchase card program. Rules, regulations, policies and procedures (in addition to the Federal Acquisition Regulation and DoD Federal Acquisition Regulation) governing the purchase card program must be followed. The purchase card must be used for all micro purchase transactions unless a general or flag officer or a member of the Senior Executive Service (SES) makes a written determination that the source or sources available do not accept the purchase card.

NCRCC's FY 2011 Purchase Card Operating Procedures (PCOP) is effective October 1, 2010. This edition supersedes the previous versions of this document. This document supplements procedures from the Army Government Purchase Card Regulation AR 715-xx. Highlights of changes to each chapter are provided at the end of this chapter. It is the responsibility of all purchase card program participants to read and comply with the policies and procedures contained in this document.

SUMMARY OF CHANGES:

Chapter 1 – CCE has merged with ITEC 4 and is now the National Capital Region Contracting Center (NCRCC), new structure is identified.

Chapter 2 – Updated NCRCC contact list.

Chapter 3 – New course titles – Advanced Training Refresher Course has been combined into one course NCRCC 002. Update on the Purchase Card Online System (PCOLS).

Chapter 6 – Army now requires all Resource Manager Access Online actions to flow through the NCRCC Agency Program Coordinator prior to going to US Bank. Access Online now has Canadian language functionality.

Chapter 7 – Accounts will be suspended for noncompliance with required annual training.

Chapter 8 – Mandatory NCRCC Pre-Approval form for all micropurchases

Chapter 9 – Updated the GPC Review Checklist

Chapter 10 – Updated the definition for Independent Receipt and Acceptance.

Chapter 11 – Third Generation of Army BPA's on DoD Email. Go Green Purchasing Program

Chapter 13 – Federal government goal to reduce check usage by 5%

Chapter 14 – Mandatory Checklist to complete for ALL orders above micropurchase limit

The bank's website at https://www2.usbank.com/cgi_w2/cfm/impac/impac_login.cfm has additional information available. The Army Regulation AR-715-xx Government Purchase Card Program is located at: [https://www.alt.army.mil/portal/page/portal/oasaalt/documents/GPC%20AR%20715-XX%20Draft%20Revised%20\(2%20May%202007\).pdf](https://www.alt.army.mil/portal/page/portal/oasaalt/documents/GPC%20AR%20715-XX%20Draft%20Revised%20(2%20May%202007).pdf)

To search within this electronic version of this document, use the keyboard and hold down the Control (Ctrl) key and press F. For additional copies of this document on CD, please contact our central email box at gsasmartpay@conus.army.mil.

Chapter

2

2. POINTS OF CONTACT

General Contact Information

Gsasmartpay@conus.army.mil

Questions

Account Changes

General Inquiries

<http://cce.hqda.pentagon.mil>

NCRCC Web Address

http://ice.disa.mil/index.cfm?fa=card&site_id=738&service_provider_id=2189

ICE Comments

<https://access.usbank.com>

U.S. Bank NCRCC (AXOL) System

U.S. Bank Customer Service:

888-994-6722

NCRCC Fax Number: 703-428-1302

Purchase Card Program		Christina.Bolar@us.army.mil
Agency Program Coordinators	Address same as above	Tel: Army: 703-428-0241/703-428-1267 Air Force: 703-428-1262/703-428-0135 DoD: 703-428-1265/703-428-1263
Purchase Card Training Central Email Box		gsasmartpay@conus.army.mil

General Contact Information

Gsasmartpay@conus.army.mil

Questions

Account Changes

General Inquiries

<http://cce.hqda.pentagon.mil>

NCRCC Web Address

http://ice.disa.mil/index.cfm?fa=card&site_id=738&service_provider_id=2189

ICE Comments

<https://access.usbank.com>

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NCRCC Fax Number: 703-428-1302

3. TRAINING

All Government Purchase Card program participants must successfully complete mandatory training prior to becoming BOs or CHs and must also complete recurring training requirements.

DoD mandates all CHs and all BOs complete the Defense Acquisition University (DAU) on-line purchase card training. Current DoD guidance requires offices that issue Government Purchase Cards provide local training to augment the on-line training. The NCRCC orientation class focuses on policies and procedures, localized issues for NCRCC customers, such as who to contact within NCRCC for assistance, information on the Ability One Program, purchase card ethics information from our legal office, and review issues we are seeing within our program when audits are conducted and how to prevent them. Knowing about these things is a preventive measure for violations in what is now a highly visible program with continual Congressional interest.

Purchase Card Online System (PCOLS) is a DoD-wide; DoD operated electronic system that Government Purchase Card (GPC) participants will use to improve the management and accountability of their GPC program organizations. It is comprised of four web-enabled automated tools. Two of these are completed and are being fielded in DoD agencies. These automated tools are the Enterprise Monitoring and Management of Accounts (EMMA) and the Authorization Issuance and Maintenance (AIM) applications. The remaining automated tools – Data Mining (DM) and Risk Assessment (RA) are currently undergoing testing and will be available to field very soon. Army's deployment of PCOLS is pending results of a recent DoD Inspector General audit of selected transactions using PCOLS. Resource managers need access to set up and provision organizations. Resource managers also need to be able to create and modify the default and alternate lines of accounting. All BO's, ABOs and CHs, and their managers will need to complete the PCOLS online training class. The class is a continuous learning class online at the Defense Acquisition University website. The course number is CLG 005.

a. INITIAL TRAINING (includes DAU Registration)

1. DEFENSE ACQUISITION UNIVERSITY (DAU) TRAINING

- (a) CLG001 DoD Government Purchase Card – All BOs, ABOs and CHs must complete this training.
- (b) DAU REGISTRATION. Each DoD service, e.g., Army, DoD etc., has a specific training office that acts on your application request for training. Each category of students has a specific registration system. The Army uses the Army Training Requirements and Resources System (ATRRS) as its registration system. The instructions below are generic but comprehensive enough to answer most questions. Each application program has a tutorial listed on the left hand menu. The labels directing you to this information vary. Click this link for a consolidated list of all application programs for all student categories
<http://www.dau.mil/registrar/Military%20personnel%20Welcome.asp>.

STEP BY STEP GENERIC INSTRUCTIONS

1. Know in advance which class and section you want to attend, e.g., CLG 001 DoD Government Purchase Card, CLM 003 Ethics, CLG 004 Government Purchase Card Refresher Training.
2. Once the application screen appears, **click on Main Menu in the top right hand corner** of the screen, or click on the “Continue to...” button at the very bottom of the page.
3. When the Main Menu screen appears, there will be a menu at the left. Under the student module click on “Apply for Training”. From the training category click on “Continuous Learning Modules”. Press the “Search Button”. **Ensure that FY10 is selected. Select a DAU course from the module drop down list.** The program may prompt you to update your student profile. Fill out the application completely. **Ensure your email address is correct on your profile.**
4. Press the “SUBMIT” button at the end.
5. Your application will be forwarded to DAU for enrollment in their Virtual Campus. If you do not have an account on the DAU Virtual Campus, one will be created for you. Within 24 hours, you should receive a welcome email from DAU stating you have been enrolled and can start the course.
6. To access your course you will need to log onto the Atlas website at <https://learn.dau.mil> using the password provided to you via email. If you forget, you may retrieve your login in information anytime by logging onto the website and clicking on either “Forgot Password” link or “Forgot Username” link.
7. Once you log into the site, click on the “I acknowledge” button, then click on the course title to open the course material.
8. Click Launch course.

NOTE 1: The DAU website is not a NCRCC sponsored website. If you experience any problems with the DAU website or have any comments, contact their help desk at dauhhelp@dau.mil or at 1-866-568-6924.

2. BASIC GOVERNMENT PURCHASE CARD ORIENTATION TRAINING (NCRCC 001)

- (a) Orientation training is a 4 hour classroom training designed to brief the federal, defense and NCRCC regulations, policies and procedures pertaining to micro-purchases and simplified acquisitions. CHs, BOs and ABO's must attend this class.
- (b) The training gives personnel an overview of their responsibilities and instruction in areas such as mandatory sources of supply, restricted and unauthorized purchases, recordkeeping, Section 508 training, the Federal Green Procurement Preference Programs, and an ethics briefing from Chief Attorney Legal Services (CALS)
- (c) No new purchase cards will be issued and no new BOs will be appointed until the CH or BO has successfully completed the mandatory on-line DAU DoD Government Purchase Card training and NCRCC Orientation Training.

- (d) Orientation Training provided by other agencies or commercial providers does not fulfill the NCRCC training requirement. If a CH will later be appointed as a BO, the NCRCC Orientation Training for BOs must be completed prior to appointment. If a BO will later be appointed as a CH, the NCRCC Orientation Training for Cardholders must be completed prior to appointment.
- (e) A list of all the NCRCC GPC Training Classes are provided below:

NCRCC SCHEDULE OF GPC TRAINING CLASSES – FY 2011

COURSE #	TITLE	TARGET AUDIENCE	PREREQUISITE	LENGTH
NCRCC001	Orientation Training	Prospective CHs, BOs and ABOs and CHs, BOs and ABOs that need micro purchase Refresher Training	NONE*	4 hrs
NCRCC002	Advanced Purchase Card Training	Prospective CHs, BOs and ABOs CHs, BOs and ABOs that need Advanced purchase Refresher Training	NCRCC001	2.5 hrs

*** DAU CLG 001 is required prior to NCRCC establishing an account for a cardholder or a billing official/alternate billing official, but NOT required prior to taking the NCRCC orientation training.**

3. ACCESS ONLINE (AXOL) TRAINING

AXOL (an upgrade to the AXOL system) is the new web-based electronic access system developed by U.S. Bank that provides electronic invoicing and electronic payment. AXOL training is now provided online by US Bank at <https://wbt.access.usbank.com>. It includes an overview of the AXOL system as well as responsibilities for the cardholder, billing official and resource manager. NCRCC will offer group or individual AXOL training by appointment only. Please send an email to our central email box at gsasmartpay@conus.army.mil to request this training.

4. SECTION 508 TRAINING

Section 508 training has been included in NCRCC orientation training and does not need to be completed separately. Certificates of completion are still required for those BOs and CHs who completed NCRCC orientation training prior to 1 October 2005.

b. REFRESHER TRAINING & ADDITIONAL TRAINING

1. REFRESHER TRAINING

Once a year, all CHs, ABOs and BOs are required to complete refresher training.

- (a) Refresher training can be completed by taking the course entitled “CLG004 Government Purchase Card Refresher Training” from the DAU web site.
- (b) Refresher Training can also be completed by attending the 4 hour NCRCC 001 Orientation/Refresher training course. Email gsasmartpay@conus.army.mil to schedule training.
- (c) Face-to-face training is required every other year. CLG 004 cannot be taken in consecutive years.
- (d) Advanced Refresher is required face-to-face annually. If you have advanced purchasing authority you will need to complete NCRCC001 and NCRCC002 to maintain that authority. If you are eligible to take the CLG004 online refresher class then you only need to attend NCRCC002 that year to maintain your advanced purchasing authority.

2. ADVANCED TRAINING (NCRCC 002) (\$25,000 PURCHASE CARD AUTHORITY) AND ANNUAL RECERTIFICATION. This training has to be completed face to face annually. See Chapter 14 for details on completing advanced training and the annual refresher training requirement.

- (a) Advanced training is a 2.5 hour classroom training designed to brief the federal, defense and NCRCC regulations, policies and procedures pertaining to purchases above the micro-purchase threshold. CHs, BOs and ABO's must attend this class. This class needs to be taken face to face.
- (b) This class should not be taken until the cardholder has demonstrated successful purchasing experience using the GPC at the micropurchase level for the prior 6 months.

3. ETHICS TRAINING

- (a) Once a year, all CHs and BOs are required to complete ethics training. Training is available on-line or in person, depending on your agency requirements. Self-certification/supervisor certification of cardholder(s) is acceptable as proof of attendance. For customers in the Pentagon, please check the Office of General Counsel website at <http://www.hqda.army.mil/ogc/MONTHLY%20ET%20MAIN.htm> for information on ethics training that will be conducted in the Pentagon. Other personnel may also attend a briefing conducted by the Office of Legal Counsel or take the training on-line at: http://www.DoD.mil/DoDgc/defense_ethics/ethics_training/2009_AET/index.htm

NOTE: The link on the DoDGC website titled “Government Purchase Card Training” does not satisfy NCRCC's requirement for GPC training.

- (b) DAU also offers an on-line ethics course, CLM003 Ethics Training for Acquisition Technology and Logistics. DAU Website – <http://www.dau.mil>
- (c) **The ethics briefing received during orientation training does not fulfill this requirement because it is not of sufficient length.**

c. FILE RETENTION

All certificates must be retained for a period of six (6) years and three (3) months to show verification of training for review purposes. Forward a copy of each certificate to our office at Gsasmartpay@conus.army.mil so we can update our training database. BOs must maintain a copy of their certificates as well as their ABOs and CHs certificates.

CHs – Need to maintain a copy of their training certificates.

ABOs - Need to maintain a copy of their training certificates.

BOs – Need to maintain copies of their CHs and ABOs certificates.

Chapter

4

4. ESTABLISHING & MAINTAINING ACCOUNTS

Good business practices and effective management controls require employees to be adequately trained prior to performing the operating requirements. All Government employees involved in the day to day operation and management of the purchase card shall be trained in accordance with the procedures in Chapter 3. They need to be fully aware of the benefits as well as the responsibilities that come with having a purchase card account. Upon completion of the training, a written request must be submitted to establish the account. Instructions for creating the account are provided below:

NOTE: In accordance with the DoD Financial Management Regulation (DoD FMR) Volume 5, Chapter 1, Section 01505, Separation of Duties, in order to minimize the risk of loss to the Government, key personnel can serve no more than one function. Key duties such as authorizing, approving and recording transactions; issuing or receiving assets; making payments; preparing checks and check signing; certification of funding; and reviewing or auditing shall be

a. ESTABLISH A PURCHASE CARD ACCOUNT

There are three (3) steps required to establish a purchase card account:

1. Complete the required purchase card training.
 - a. Complete the NCRCC 001 - Purchase Card Orientation Class.
 - b. DAU on-line purchase card training. (See Chapter 3 for further guidance). A certificate showing completion of this course is required prior to enrolling into the NCRCC Orientation class. E-mail it to us at Gsasmartpay@conus.army.mil.
2. The agency must submit a request to create the account or assign the BO/ABO/CH, whichever is applicable. A sample memorandum is included at the end of this chapter.
3. **E-mail the memorandum to Gsasmartpay@conus.army.mil along with each of the certificates in paragraph 1.** Ensure the request includes:
 - (a) The BO and ABO who will have fiducially responsibility for certifying the billing statement.
 - (b) CHs responsible for purchasing on behalf of the organization. To perform duties effectively, CHs should be able to understand relevant laws and regulations, procurement methods and standards, and what constitutes an authorized transaction.

- (c) New Accounts. Separate accounts are required for the **American Recovery and Reinvestment Act (ARRA) expenditures**. Specific DoD guidance on the Recovery Act is provided within the Defense Procurement Acquisition Policy (DPAP) memorandum at <http://www.acq.osd.mil/dpap/policyvault/USA003195-09-DPAP.pdf>.

Separate accounts are also required for **Organizational Representational Funding (ORF)** expenditures. Accounts must be solely dedicated for these expenditures.

- (d) Account Restrictions. The following items are restrictions on establishing new accounts:

1. **The span of control for cardholder accounts to BO is no more than 7:1.**
2. **DoD requires accounts with no activity in six (6) months are to be cancelled.**

- (e) Account limits for the CH and BO. The BO must coordinate his CH's monthly and single purchase limits with his/her agency's resource manager/resource advisor. The types of limits used to establish the accounts are:

- (1) **A CH's single purchase limit** (see glossary for definition).
 - (2) **A CH's cycle limit** (see glossary for definition).
 - (3) **The BO's cycle limit** (see glossary for definition).
 - (4) **The BO's credit limit** (see glossary for definition).
 - (5) **Other limits** such as quarterly and yearly limits may be set by your agency's resource manager.
- i. Appointment Package - The BO and ABO will receive an appointment letter along with an appointment package from NCRCC. The Appointment package consist of a DD Form 577 and a Billing Official Processing Out form.

1. **DD Form 577** – This Appointment/Termination Record Authorized Signature form is required to be completed by all primary and alternate billing officials. In order to avoid payment delays, it is extremely important that the BO submits the original DD Form 577 from the appointment package to DFAS immediately. DFAS will not process payment requests without receipt of this document. The DD Form 577 can be found at <http://www.dtic.mil/whs/directives/infomgt/forms/eforms/dd0577.pdf>
2. **NCRCC Processing Out Form** – This form is required to be completed by all Primary Billing Officials leaving the purchase card program. A sample form is provided at the end of this chapter.

- ii. **CHs will receive a Delegation of Procurement Authority Letter.** It is important that prior to making a purchase the CH receive a delegation letter. The delegation letter provides the authorization for using the purchase card up to the specified dollar amount. This will not exceed \$3,000 unless a special delegation letter has been issued for payments up to \$25,000.

Air Force Accounts Only: When creating a new BO account for Air Force personnel, an Air Force Form 4009 must be submitted with the nomination memorandum and training certificates.

b. PROCESSING REQUESTS

1. Upon receipt of the nomination memorandum and the two training certificates for a new CH, BO, ABO the APC (Agency Program Coordinator) will process the applications. The bank will process the application(s) and mail the purchase card to the CH. When the purchase card arrives, CHs activate the account by calling the bank at the toll free number provided with the card. The CH must also register the card in Access Online (AXOL) using directions provided during orientation training.
2. After the billing official submits the required documents to NCRCC for the purchase card account, your APC will process the request within 48 hours and forward your application through your resource manager/financial manager to US Bank. Total processing time for account set-up depends upon the processing time by your resource manager/financial manager.
3. Once the APC submits the application to U.S. Bank, U.S. Bank mails out the card within 24 hours. The total mail time from U.S. Bank is 7 to 10 days. The card will be mailed to the exact address on the nomination memorandum.

c. ACCOUNT MAINTENANCE

1. Once the account is created, in order to make changes (e.g., deleting CHs, replacing BOs, changing limits, etc.) the billing official will need to submit an updated nomination memorandum to the NCRCC APC referencing the managing account number. The memorandum needs to include the CH's or BO's full name, e-mail address, complete office mailing address, telephone number, fax number and purchase card limits for the new purchase limits, CH(s) and/or BO(s). Memorandums should be submitted via e-mail to Gsasmartpay@conus.army.mil. See Sample Memorandum at the end of this chapter.
2. Changes to existing accounts will occur within 48 hours. Requests to cancel accounts will occur within 24 hours.

d. Agency Point of Contacts. If any of the following accounts require changes, the information must first be processed through your applicable agency point of contact:

ACSIM Lillie Jones Phone: 703-601-0379	AMVID James Lamborn Phone: 703-697-0702
APD Paul Jeffries Phone: 703-325-6228	Center of Military History Reginald Bell Phone: 202-685-2711
Tri-Care Management Agency Carolyn Ross Phone: 703-681-6036	ITA Paul Kissell/ William Martin Phone: 703-588-8501/703-588-8517
Joint Staff Gary Herman Phone: 703-697-2071	OCAR – OA23 Activities Deborah Allen Phone: 703-601-0892
G8 Stephen Jones Phone: 703-614-2728	National Assessment Group Tony Anaka Phone: 505-262-4679
Missile Defense Agency William Garcia Phone: 256-955-5059	Defense Security Service Kevin McGinn Phone: 703-325-2010

The following agency point of contact does not require changes to be submitted through him first, but requests you forward a courtesy copy to his attention:

Headquarters, Air Force Larry Bickel Phone: 703-697-8223
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e. DEPARTING THE AGENCY

Prior to departure from your agency, you should ensure that there is proper succession planning. Your agency needs to nominate a replacement and begin the training process for the selected individual at least 30 days prior to your departure. This will allow your replacement to receive formal training as well as any on the job training (if needed) while you are still serving in your current role.

1. Supervisor of the BO and ABO: The supervisor or agency head is responsible for designating a BO and an ABO.
2. BO: The BO must review and sign the NCRCC Processing Out Form included in the BO Package upon completion of items a-h annotated on the form. See sample at the end of the chapter. The billing official must sign the bottom of the DD Form 577 and return. The billing official must submit a nomination memorandum to NCRCC to identify the new billing official responsible for managing the account. If the current alternate billing official becomes the primary billing official you have 45 days to replace the alternate billing official.

3. BO: The new billing official will retain the same managing account number. A managing account cannot remain open without a billing official. If no billing official is identified the account must be temporarily suspended.
4. CH: The CH must destroy his/her card in front of a witness and the BO must notify the APC in writing that the card has been physically destroyed.
5. Both: All transactions/statements must be certified/approved in AXOL prior to departure from the agency.

f. CLOSURE OF ACCOUNTS

1. Managing Accounts: The BO must submit a memo to the central e-mail box at Gsasmartpay@conus.army.mil to request closure of the managing account. By closing the managing account, all CHs listed under the account will be closed as well.
2. CH Account: The BO must submit a memo to the central e-mail box at Gsasmartpay@conus.army.mil to request closure of an individual CH account. This request should identify the name of the CH and the last eight digits of the CH account number to be closed.
3. Upon receipt of the request to close the account, the APC will process the request within 24 hours. Although the account is closed, the account will remain in the Transaction Management module in AXOL, if there is an existing balance. Once the account balance is \$0.00, the account can be purged. The account will no longer show in the Transaction Management module in Access Online (AXOL) six (6) months after the account has been purged. Refer to Chapter 16 for additional details on remaining credits.
4. When a CH leaves the agency, or has lost the privilege of using the card, the card must be destroyed. An employee of the agency must witness the destruction. After the card is properly disposed of, the BO will request closure of the account by notifying NCRCC at Gsasmartpay@conus.army.mil. Included in the message will be the name of the employee witnessing the purchase card's destruction.

SAMPLE NOMINATION MEMORANDUM

MEMORANDUM FOR National Capital Region Contracting Center (NCRCC)

ATTN: Purchase Card Program

SUBJECT: (Check Action Required, e.g. Establish New Account, ____ Add Cardholder, ____ Replace Billing Official, ____ Change Limits/Change Address)

BO Account Number:

BO Name:

Agency Name & Full Address:

Office Phone:

Fax no:

E-mail Address:

Date completed DoD Government Purchase Card On-line Training(CLG 001):

Date attended NCRCC Purchase Card Orientation Training:

BO's Supervisor's Name:

Phone:

Alternate BO Name:

Agency Name & Full Address:

Office Phone:

Fax no:

E-mail Address:

Date completed DoD Government Purchase Card On-line Training(CLG001):

Date attended NCRCC Purchase Card Orientation Training:

Cardholder's/Checkwriter (circle one) Name:

Agency Name & Full Address:

Office Phone:

Fax no:

E-mail Address:

Date completed DoD Government Purchase Card On-line Training(CLG 001):

Date attended NCRCC Purchase Card Orientation Training:

Card will be used to purchase: __ Office Supplies __ Training __ IT ____ Other Specify_____

Fund Cite:

Master Account Code (AIR FORCE USE ONLY):

Resource Manager:

Office Phone:

Single Purchase Limit:

Monthly Purchase Limit:

Office Limit:

*Billing Official Signature

NOTE TO BO:

The BO must coordinate monthly and single purchase limits with his/her agency's resource manager/resource advisor.

* The memorandum must be signed by the billing official's supervisor when establishing a new account for your agency. All changes to the account must be signed by the billing official (or their alternate). Electronic signatures are authorized.

Sample
NATIONAL CAPITAL REGION CONTRACTING PROGRAM (NCRCC)
PROCESSING OUT FORM
FOR BILLING OFFICIALS LEAVING THE PURCHASE CARD PROGRAM

- a. As a BO you are responsible for ensuring that all of your billing cycles within AXOL are certified before leaving your agency and all the files are present and in order.
- b. As the supervisor of the BO you are also responsible for ensuring that a replacement is assigned 30 days prior to departure of the Primary BO or the ABO. This includes making sure that the replacement has had all of purchase card training that is required by NCRCC as stipulated in Chapter 3, Training. The replacement is required to take over the duties as a BO prior to departure of the current individual. The ABO will become the Primary BO when the BO has left the agency without a new BO being designated and trained, and a new ABO must be named. If the current alternate billing official becomes the primary billing official you have 45 days to replace the alternate billing official.
- c. As a BO you are required to turn over all your records to your new BO. Any charges, rebates and credits must be cleared from your account before transferring the account to the new BO. All problems under your account while you were the BO must be solved.
- d. As a BO you are required to ensure that prior to your departure, if your agency does not have a replacement or an ABO, you must notify your NCRCC Agency Program Coordinator and request that the account be suspended until a new BO is appointed to the account.
- e. Until a new BO is appointed to this account, the ABO of record assigned to this account is _____. A copy of the appointment letter is attached.
- f. My BO records have been turned over to _____ (name).
- g. My DD Form 577 (Section IV) has been completed and forwarded to my payment office, copy attached.
- h. My AXOL user id is _____.

By signature hereby, I acknowledge my processing out of NCRCC Purchase Card Program as a billing/certifying official. I have read and understand my responsibilities as outlined above. I understand my right to request relief of liability for payment certified due to an inadvertent administrative error. I further understand that this letter will remain in effect until revoked in writing by the Appointing official (or his/her successor).

Supervisor of the Billing Official

Date

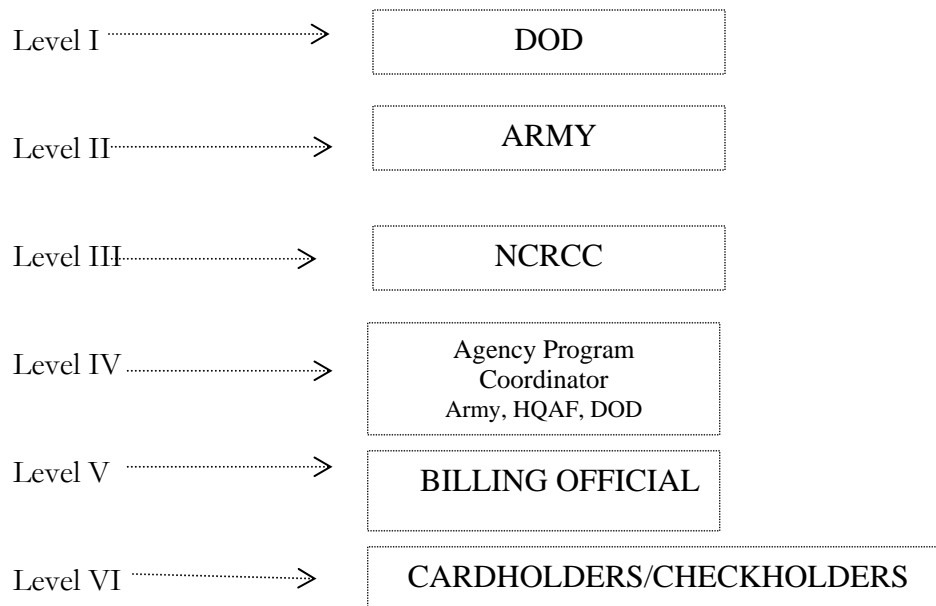
Billing Official

Chapter

5

5. RESPONSIBILITIES OF KEY PERSONNEL

The GPC program contains various structures and designations defined in this chapter. This overview has been established to provide a solid system of checks, balances and audit controls from the lowest to the highest level within each organization. There is a six-level reporting hierarchy, which is outlined below. This chapter further defines the roles and responsibilities of each level within the program. The Program Management Office (PMO), Component Program Manager (CPM), Agency Program Coordinators (APCs), Cardholders (CHs), Billing Officials (BOs), Resource Managers (RMs), Defense Finance and Accounting Service (DFAS), and Property Book Officer (PBO)/Equipment Account Custodian (EAC) are all responsible for the success of the GPC program.



a. DoD PROGRAM MANAGEMENT OFFICE (DoD PMO) Level 1

The roles and responsibilities of the PMO include:

1. Responsible for the overall management, oversight and support to the GPC program.
2. Develop, prepare and review performance metrics.
3. Implement rules and guidelines to help program manager's track and report high-risk transactions.
4. Maintain DoD-wide blocked Merchant Category Code (MCC) list.
5. Interface with the issuing bank or charge card processor on contract requirements.
6. Provide feedback to the bank regarding fraud queries.
7. Provide quarterly reports on span of control and inactive accounts.

b. COMPONENT PROGRAM MANAGER (ARMY) Level 2

The roles and responsibilities of the CPM include:

1. Serve as the Service's representative with the PMO.
2. Assist and ensure APCs perform their responsibilities.
3. Design and maintain hierarchies and select subordinate APCs.
4. Provides feedback to quarterly reports to the PMO.

c. MACOM/DEFENSE AGENCY PROGRAM COORDINATOR Level 3

The roles and responsibilities of the APC include:

1. Implement, administer and monitor the NCRCC Purchase Card Program subject to DoD and Army policies;
2. Establish and implement NCRCC specific policy and guidance;
3. Ensure internal controls are in place to minimize fraud, waste, and abuse;
4. Serve as liaison to the Army headquarters and the servicing bank; and,
5. Provide program support to NCRCC level 4 Agency Program Coordinators and NCRCC customers.

d. AGENCY PROGRAM COORDINATOR (APC) Level 4

The roles and responsibilities of the APC include:

1. Assist CHs and BOs in fulfilling their responsibilities within the program.
2. Serve as primary contact for CHs and BOs.
3. Serves as a liaison between the bank and DFAS.
4. Set up new purchase card accounts and perform account maintenance.
5. Provide CH and BO training.
6. Maintain training records.
7. Maintain span of control between BOs and CHs.
8. Monitor and facilitate resolution of account delinquency problems.
9. Monitor transactions in AXOL monthly to take action against questionable charges.
10. Issue delegation letters to CHs and appointment letters to BOs.
11. Approve single purchase and monthly purchase limits and determines merchant categories.
12. Assist in resolving billing disputes, unauthorized card use, card loss or theft.
13. Suspend, cancel, and close purchase card accounts when necessary.
14. Report account activity to the appropriate level of management.
15. Attend annual GSA SmartPay II Conference and other meetings pertaining to the program.
16. Conducting reviews of all billing official accounts every fiscal year.
17. Fostering good stewardship of resources.
18. Improving processes.
19. Evaluating and strengthening management controls.
20. Assessing and reducing risk.

21. Ensuring agencies establish and maintain internal controls to provide reasonable assurance that the goals and objectives of the purchase card program are being met, and safeguards against fraudulent, improper, and abusive purchases are adequate.
22. Assessing program results and communicating the results so systemic problems can be identified and addressed.
23. Implementing corrective action plans.
24. Request the suspension of accounts until discrepancies are resolved.
25. Improving the performance and accountability of the Government Purchase Card program.
26. Develop NCRCC's surveillance plan.
27. Notify BO, within one day, of DFAS payment rejects.

e. BILLING OFFICIAL Level 5

The roles and responsibilities of the BO include:

1. Maintain original documents such as invoices, receipts, appointment letters, etc.
2. Pre-Approve all purchases at any dollar amount in writing.
3. Monitor transactions in AXOL monthly. Verify transactions to be legal, mission essential, in accordance with government rules and regulations. Take action against questionable charges.
4. Develop, disseminate and implement written internal control procedures to ensure compliance with the purchase card policies and procedures that includes:
 - (a) Maximum monthly purchase limit for each account;
 - (b) Maximum monthly limit for each CH;
 - (c) Maximum amount per transaction for each CH;
 - (d) Method of funding;
 - (e) Safeguarding of purchase card;
 - (f) Record retention and file documentation;
 - (g) Controls to mitigate waste, fraud, and abuse;
 - (h) Coordinating with the resource manager to establish purchase limits and to ensure CH's accounts are bulk funded prior to making purchases;
 - (i) Ensuring that a prospective CH completes required training before submitting a request to add a new CH to the account (**See Chapter 3**);
 - (j) Ensuring CHs understand their purchase authority to buy only those items required to support the mission;
 - (k) Verifying and certifying monthly statement;
 - (l) Monitoring rebates;

- (m) Conducting and documenting reviews of each of CHs once a year by using the checklist in Chapter 9;
 - (n) Ensuring that all expendable items are properly tracked;
 - (o) Ensuring that all material weaknesses are reported to management;
 - (p) Reviewing previous report findings to ensure corrective action was taken. **See Chapter 9.**
- 5. Remain current and disseminate information impacting the purchase card program.
 - 6. Forward the DD Form 577, Appointment/Termination Record – Authorized Signature, to DFAS.
 - 7. Act as certifying official under the DoDFMR Volume 5, Chapter 33, responsible for:
 - (a) Information stated in a voucher, supporting documents, and records;
 - (b) Computation of a certified voucher under sections 3528 and 3325 of title 31, U.S.C.;
 - (c) Legality of a proposed payment under the appropriation or fund involved;
 - (d) Issuing advice to accountable officials; and,
 - (e) Seeking advance decisions under 31 U.S.C., section 3529 from the DoD Office of Deputy General Counsel (Fiscal), or designee.
 - 8. Submit a nomination to the NCRCC GPC team of your replacement prior to your departure from the position or request account suspension if no replacement has been identified.

f. ALTERNATE BILLING OFFICIAL

The roles and responsibilities of the ABO include:

- 1. **Only** in the absence of the BO will the ABO execute the duties of the BO.
- 2. Be appointed and trained by NCRCC.
- 3. Obtain his/her own unique identifying password and user ID for Access Online (AXOL) and access the same managing account number as the BO.
- 4. **Monitor transactions in AXOL monthly** (logging into AXOL monthly prevents your password from expiring).
- 5. Shall not be a CH under the BO's account.
- 6. Alternate billing official shall not assume the role of the BO for a period greater than 45 days.

g. CARDHOLDER (CH) Level 6

The roles and responsibilities of the CH include:

- 1. Safeguard the credit card (convenience checks) to avoid unauthorized use. Only the individual whose name is imprinted on the card may use the card.

2. Activate the card within ten (10) calendar days of receipt.
3. Ensure legitimate government need is documented.
4. Obtain written approval from the BO prior to purchase.
5. Conduct required screening for mandatory sources, such as: UNICOR, Ability One, DoD E-mail, GSA Advantage etc. for availability prior to making a buy with a commercial vendor.
6. For purchases above the micro purchase limit, conduct market research (see chapter 14).
7. Ensure that the merchant accepts the Government Purchase Card and ships items purchased within 30 days. No backorders are authorized.
8. Ensure that purchases made are authorized.
9. Use the card to purchase and/or pay for official supplies and services in support of agency's mission. Ensures that no items are purchased for personal use.
10. Rotate purchases equitably among vendors when practicable.
11. Verify price reasonableness for micro-purchases in accordance with FAR Part 13.106-3.
12. Place orders for services that are covered under existing contracts pursuant to the terms of the contract. Examples include telecommunication airtime services, auto repair services, maintenance agreement or janitorial, yard and maintenance services covered under existing contracts.
13. Obtain an itemized invoice/receipt from the vendor and verify accuracy before signing.
14. Ensure documentation supports independent receipt and acceptance.
15. Create orders for every purchase made with the GPC card in AXOL..
16. Keep copies of purchase card invoices/receipts (and other supporting documentation) for 6 years and 3 months.
17. Reconcile (match and approve) CH's transactions in AXOL against purchase card receipts.
18. Approve all cycle activity for CH Account in Transaction Management within three (3) business days after the billing cycle ends.
19. Resolve all discrepancies with vendors. If CH disputes cannot be resolved with the vendor, submit a dispute form to the bank within 90 days from which the transaction first occurred. The bank will not assist the CH in resolving untimely disputes. The bank will also not assist in disputes over sales taxes or shipping and handling charges. **See Chapter 7.**

20. Coordinate with the Property Book Officer to assure that all items requiring tracking are either recorded on a property book or hand receipt.
21. Forward original invoice/receipts and supporting documentation to BO at the end of each billing cycle once the monthly statement is approved.
22. Report lost, stolen, or compromised cards immediately to the bank. Notifies the BOs within one (1) business day. BOs are required to submit a written report to the APC within five (5) business days.
23. Contact U.S. Bank customer service at 888-994-6722 if a transaction is declined to determine the reason and take appropriate action.
24. Destroy purchase cards prior to termination/cancellation/closing of accounts. See Chapter 4.
25. Ensure sales tax is not charged to the government.

b. CHECK WRITER ***Level 6***

The roles and responsibilities of the Check Holder include:

1. All of the duties identified under cardholder (CH) responsibilities above.
2. Safeguard the checks in a safe or locked container.
3. Make every effort to use the Government Purchase Card prior to issuing a check.
4. Do not issue checks for more than the single purchase limit as authorized in the check holder delegation letter. **No check holder under NCRCC's GPC program has authority to write checks for more than \$3,000.**
5. Enter all check transactions are logged into Access Online. Ensure you account for the program fee associated for each check written. The current fee is 1.7% of the face value of the check.
6. Obtain access to the 1099-MISC Tax Reporting Program. Enter all checks for supplies and services into the 1099-Misc Tax Reporting Program.
7. Payments should be entered into the 1099-MISC Tax Reporting Program system at the time the check is issued. All check payment information needs to be input by NLT 31 December each year.
8. Retain copies of voided checks and the carbon copy of the check as part of the documentation for your records.
9. Review chapter 13 to ensure that additional rules and prohibited purchases are adhered to.

OTHERS

i. AGENCY POINTS OF CONTACT

Agency POCs are named in Chapter 4. Their responsibilities are:

1. Remain current on information impacting the purchase card program.
2. Ensure dissemination of current information impacting the purchase card program.
3. Receive, review and act upon the BO's review report and monitor progress of any corrective action to a successful completion.
4. Coordinate succession planning and account maintenance requests with the APC. (With the exception of the Air Force agency point of contact.)

j. DFAS

The roles and responsibilities of DFAS include:

1. Monitor and disburse payments accordingly.
2. Post records to the accounting and entitlement systems.
3. Establish electronic interface to enable Electronic Funds Transfer (EFT) payments to the bank.
4. Ensure signature card is on file prior to making any payment.
5. Ensure adherence to the provisions of the Prompt Payment Act (FAR 32).
6. Control the Parent Rule Set in the AXOL system.
7. Notify APC, within ten day, of rejects and interest penalties assessed to BO accounts.
8. Create the General Fund Enterprise Business System (GFEBS) Parent Rule Set.

k. MANAGERS OF PROGRAM OFFICIALS

Managers of purchase card program officials are defined as supervisors, who have supervisory control: implied or written; direct or indirect.

1. Responsible for the fiscal conduct of appointed purchase card personnel.
2. Initiate and follow-up on investigations when appropriate.
3. Ensure everyone qualified is aware of their responsibilities and appointed in writing.

4. Determine the need for the card and how it will support the agency's mission.
5. Ensure adequate and timely succession planning.

l. PROPERTY BOOK OFFICER (PBO)/Equipment Custodian

The roles and responsibilities of the PBO/Equipment Custodian include:

1. Ensures established property control and accountability procedures are developed and disseminated to all personnel who are entrusted with the acquisition of Government property and equipment.
2. Assists NCRCC in review of the purchase card account to ensure that property accountability procedures are being followed. For additional information please contact the following: Army – 703-602-7847 or Air Force – 703-697-7141.

m. RESOURCE OR FINANCIAL MANAGER (RM)

The roles and responsibilities of the RM include:

1. Perform account set-up in conjunction with the Level 4 APC.
2. Perform account maintenance in conjunction with the Level 4 APC.
3. Provide bulk funding to BO accounts to cover anticipated GPC purchases for a specified period;
4. Establish funding for each managing account in advance of purchases;
5. Cannot serve as a BO, ABO or CH; unless they are not the agency's fund certifier with signature authority (prohibited from being PBOs);
6. Maintain accurate budgetary data pertaining to amount obligated to BO's accounts;
7. Ensure the obligation document is forwarded to the appropriate payment office;
8. Generate standard purchase card reports in the US Bank AXOL website on a monthly basis.
9. Review reports to monitor cardholder transactions and ensure the BO is certifying the invoice within 5 days after the end of the billing cycle.
10. Assign default and alternate lines of accounting to BO and CH accounts in access online.
11. Input cardholder and billing official cycle and credit limits in access online
12. Resolve DFAS payment rejects on the billing official accounts.
13. Create a General Fund Enterprise Business System (GFEBS) child rule set in Access Online.

Chapter

6

6. Access Online (AXOL)

The Access® Online (AXOL) is a web-based electronic access system that provides account payment, setup, maintenance, and reporting. The DoD Purchase Card Program Management Office has the responsibility to coordinate the fielding of AXOL for our agency. Agencies that have fully implemented AXOL and are paying their bills on-line are maximizing the rebates offered by U.S. Bank. The AXOL system may be accessed from home or work by logging onto the internet at <https://access.usbank.com>. As of April 12, 2010 AXOL now has Canadian language functionality.

The billing cycle for all DoD accounts ends on the 19th of each month. If the 19th is a Saturday, Sunday, or holiday; the billing cycle ends on the previous business day.

NOTE: Lack of timely certification shall cause your account to be automatically suspended by USBank. DON'T BE LATE!!!

User IDs and passwords: CHs shall register their own cards in the AXOL system after they receive their cards. BOs and ABOs receive a request from their APC for verification data. Once this verification data is provided, the APC requests user IDs and passwords for the BO and ABO. No sharing of user IDs or passwords is allowed. Everyone will be required to have his/her own password and user ID to access the system. **BOs that provide their user ID and password to CHs or any other person in order for them to access AXOL and certify/approve an invoice on their behalf are guilty of willful negligence and will be disciplined. Anyone other than the BO who certifies an invoice in AXOL, representing himself as the BO, is guilty of a false certification of an official financial document and will be disciplined.** Under the False Claims Act, 31 U.S.C. §§ 3729-3733, those who knowingly submit, or cause another person or entity to submit, false claims for payment of government funds are liable for three times the government's damages plus civil penalties of \$5,500 to \$11,000 per false claim. Purchase Card Accountable Officials and Purchase Card Certifying Officers have pecuniary liability for erroneous payments in accordance with DoD Directive 7000.15, "DoD Accountable Officials and Certifying Officers," and Chapter 33, "Accountable Officials and Certifying Officers," of Volume 5, DoDFMR. The amount of the pecuniary liability is determined under Chapter 33, Volume 5, DoDFMR.

a. Access Online (AXOL) Operating Instructions for Cardholders.

1. To login, go to <https://access.usbank.com>. **NOTE:** Do not forget the "s" in **https**, as it is a secure website.
2. You will now be at the login screen. You must enter your **Organization Short Name**, which is **ARMY**, followed by your **User ID** and **Password**. You will be required to change your password once every 60 days.
3. In the next screen, the following subjects are available to choose from:

- **Order Management**
- **Transaction Management**
- **Account Information**
- **Reporting**
- **My Personal Information**

4. Account Activity Box: Displays your credit card account number. Select the account number to go to your transaction list (**NOTE:** The bank has posted a list of all transactions to your system account from the purchases you have made.)

STEP 1: Create an Order (EVERY TRANSACTION DEBIT OR CREDIT MUST HAVE AN ORDER)

1. Review the transactions in your "**Transaction List**". Once a transaction has been posted by the bank, you can "**create**" a manual order that will eventually be matched to that transaction.

2. To create an order, click **Order Management** on the left navigation bar, and then select **Create New Order Record** in the middle of the page.

3. This will bring you to the "**Order Management**" screen, where you can first create an order.

4. Required fields are indicated by **Red** Asterisks.

General

Order Number: Type your Supply Control Number, or utilize the number provided as your Order Number.

Order Date: Type the date of your purchase

Requestor Name: Type the requestor's name

Financials

Order Amount: Type the total amount of your purchase

OR IF THIS IS A CREDIT TRANSACTION (example a US Bank Rebate) check the credit box

Scroll down the page to arrive at the next section:

Merchant

Name: Type the Vendor's Name

Scroll down again to arrive at the next section:

Line Items: Click the **Add** button to create one line item.

As you can see, a line item opens up where you can enter:

Item Description: Type a **Description** of your purchase.

Quantity: Type in the applicable **Quantity**.

Unit of Measure: Select "**Each**", or some other applicable Unit of Measure. You can scroll to identify if there is a more appropriate unit of measure.

Unit Cost: Type the **Total Amount** of your purchase.

Line Item Total: This field should automatically populate after tabbing over from the Unit Cost. However, if the field does not populate for some reason ensure that this field is filled in.

Scroll to the bottom of the "**Order Management**" information page.

Note there is a "**Miscellaneous Comments**" field. For purchases above the micro purchase limit, the Contract Number and Business Size (large or small) will be entered in the Comment block in addition to the description of the item(s) purchased. This is needed for Contract Action Reporting.

5 Once all of the **Mandatory Fields** are completed, **click** the "**Save and Create Order**" button.

6. You will receive a notification which says, "**Request has been successfully completed.**" This will save your order, which will be matched to your transaction next.

STEP 2: Match a Transaction to an Order

1. Next, you will **MATCH** and **APPROVE** the transaction posted by the bank against the order you created in **Step 1**.

2. To do so, **click** "**Transaction Management**" on the left navigation bar, and then **click** "**Transaction List**" in the middle of the page.

3. This will bring you to your "**Transaction Management/List**" screen, which automatically defaults to your **current** open Billing Cycle.

4. NOTE: If you want to go back to any previously closed billing cycle, simply select the **Drop Down** arrow, choose the appropriate billing cycle period, and **click** the "**Search**" button. This will bring up the billing cycle you just selected.

5. Scroll to the bottom of the page to locate **all transactions** that have been posted by the bank for the billing cycle selected. The transactions shown are all **Pending Transactions** that need to be approved.

6. To do so, select the transaction to be approved by putting a **Check Mark** in the box (this will be the transaction that you created an order for in step 1).

7. Next, **select** the "**Match To Order**" button.

8. This will bring up a list of all **orders** that you manually created in Step 1. under "**Order Management**".

9. Locate the **order** that **matches** your **transaction**.

10. Select the radio button, and **click** the "**Match To Transaction**" button.

11. NOTE: If an order **does not** appear, **select** the **Search & Select Order to Match to Transaction** link. This will display all of the available orders that you created. Here, you should find your matching order.

12. The system will ask you if you wish to continue. **Select** the **Yes, Match** button. You will receive a notification which says, " **Request has been successfully completed.**"

13. You will now have a **matched** order to your **transaction** under your **Matched Order** tab.

14. At this point, you can also print the information for your records, if need be.

15. Scroll to the bottom of the page, and **select** the **"Back to Transaction List"** link.

16. The transaction has now been **Matched**, and the status of the transaction has changed from pending to **Approved**.

NOTE: If you have multiple transactions to match after creating the orders, click on Match Multiple Orders and then proceed to step 9.

STEP 3: **Reallocate a Transaction**

1. Some cardholders do have to reallocate certain purchases that they make. If so, once the transaction has been matched and approved, you are ready to reallocate.

2. Accounting Code column (with Default, and Alternate Lines of Accounting)

3. Scroll to the right of the screen to locate the **matched** and **approved** transaction's Accounting Code. **Click** the applicable Accounting Code of the matched and approved transaction.

4. This will bring you to the **"Transactions Allocations Tab"**. Select the drop down arrow and choose the Alternate Accounting code to reallocate to.

5. Wait a few moments so that the code is populated under the **"Pre-populated Accounting Code Selection, Current Name"** field.

6. Once it is populated, **click** the **"Save Allocations"** button.

7. You will receive a notification that says, " **Request has been successfully completed.**"

8. Scroll to the bottom of the page and **select** the **"Back to Transaction List"** link.

9. The new Accounting Code that you **reallocated** to will be displayed here. The transaction has now been reallocated.

STEP 4: **Approving your Cardholder Statement**

1. Once the billing cycle is closed, you will have to approve your statement. To do so, go to your **Transaction List** screen.
2. Choose the billing cycle that you want to Approve from the drop down arrow. **Click** the **Search** button to bring up a list of transactions within that cycle.
3. Once you verify that **ALL** transactions have been approved, and reallocated if necessary, **click** the **Approve Statement** button. This will approve the cardholder's statement.
4. Cardholders have 15 days after the end of the cycle to approve their statement. After 15 days they are locked out and the billing official must perform the cardholder responsibilities.

STEP 5: Printing your Statement

1. After you approve your statement, you are now ready to print it out.
2. To print a copy, select **Account Information** on the left navigation bar.
3. Next, select the "**Cardholder Account Statement**" link.
4. Enter your last name, and **click** the **Search** button.
5. Select the appropriate billing cycle from the drop down menu, and **click** the **View Statement** button.
6. The statement will open in .pdf format. At this time, you will be able to print a hard copy for your records.

b. Access On-Line (AXOL) Operating Instructions for Billing Officials (BOs)

STEP 1: Login and then select "Transaction Management"

STEP 2: Select Managing Account

STEP 3: Select Managing Account List

1. If you have more than one Managing Account, then **ALL** Managing Accounts under your purview should show and be available for viewing.
2. If not, select the **[-] Search Criteria**, and **change** the Account Status to **ALL**. All accounts should now be available for viewing. Now, determine which Managing Account you want to work. Select the account.

STEP 4: Review the Managing Account Summary and Select the Cycle Date

1. Go to the **Cycle** Drop Down menu and **click** on the applicable cycle you need to work with. Then hit the **Search** button.

2. After the cycle comes up, scroll down to the bottom of the screen where you will see a list of the cardholder accounts. There should be a **Green check mark ✓** next to each cardholder name. This indicates they approved their transactions ✓.

STEP 5: Select one of the Cardholder Names, and Review Transactions

1. Click on the **Cardholder Name** you want to review by clicking on the **last 4 digits** of the Account Number next to the name.

2. (**NOTE:** the **Green check marks ✓** indicating the cardholder approved.)

STEP 6: Approve the Transactions

1. At this point, you **must** check in each individual square, **ONE AT A TIME**, review the transaction, and then **approve** it by selecting the **Approve Button**. You must do this for each transaction.

2. After you approve an individual Transaction, the **Account Status** will change to **Final Approved**.

3. At this point, **scroll** back up to the top of the screen and select the **Card Acct List Tab**. If you have more than one Cardholder, you will need to follow the process in this step for each cardholder **BEFORE** moving on to the next step.

STEP 7: Approve or Certify the Cycle Statement

1. At this point the **APPROVE** or **CERTIFY MA/DA STATEMENT** button should now be available. **Click** on the **APPROVE** or **CERTIFY MA/DA STATEMENT** button to approve the Billing Statement for **ALL** accounts that fall under your purview. **Note: For those agencies that do not have the electronic payment solution implemented, you will receive the following message. “Flags and routers are not set. The EDI file will not be created. Statement confirmation can not be completed. Please contact your Program Administrator for more information”.** Click on the **OK** button and proceed to STEP 8 to print out a copy of your statement for manual payment.

2. Click on the **Agree** button if you agree to **certify** the account. Once you **agree**, you should get a new screen with this statement at the top: "**i The action was successfully completed**"

NOTE: When you certify your monthly statement in AXOL it means your invoice has been submitted to DFAS for payment. DFAS will pay US Bank within 10 days after you electronically certify your account for payment

3. You should also see the letter **A or C** with a little **Green Checkmark ✓** through it and the **Statement Approval History** should read as **Approved**:

4. At this point, you are finished certifying the statement for this billing cycle period.

STEP 8: **Printing your Statement**

1. To print a copy, select **Account Information** on the left navigation bar.
2. Next, select the "**Managing Account Statement**" link.
3. Enter your last name, and **click** the **Search** button.
4. Select the appropriate billing cycle from the drop down menu, and **click** the **View Statement** button.
5. The statement will open in .pdf format. At this time, you will be able to print a hard copy.

c. REPORTS

Various reports are available in AXOL.

1. To access the reports, click on the **Reporting** tab from the main page.
2. In the Reporting Screen, **Click** the report category link, then on the report you are trying to run.
 - (a) The report parameter screen displays. You configure report on this screen by selecting your report parameters. The report parameter screen is unique to each report since each reports data elements are unique.
3. Standard Report Categories – These reports have a pre-defined layout. You can view your accounts on-line, print them, or save them in Excel® on your computer.
 - (a) **Program Management** – General program management activities and monitor company policy compliance.
 - (b) **Financial Management** – Monitor expenditures, track variances and manage account allocations.
 - (c) **Supplier Management** – These reports manage supplier relationships, support supplier negotiations, and manage spending by category.
 - (d) **Tax and Compliance Management** – Estimate sales/use tax, track spending for 1099/1057 vendors, and perform other regulatory reporting.
 - (e) **Administration** – These reports allow administrators to support system functionality.
 - (f) **Custom Reports** – Create and configure custom reports.

d. TRAINING

1. NCRCC provides an overview of AXOL for all CHs and BOs as part of their Orientation Training. See Chapter 3.
 - (a) Mandatory Web Based Training (WBT) is provided. WBT provides all users with an in-depth understanding of the AXOL system and access to User Guides, Simulations, and Recorded Classes.
 - (1) Cardholders, Billing Officials, and Alternate Billing Officials must complete this training.
 - (2) U.S. Bank changes the WBT password every 60 days. To obtain the password, contact your APC or U.S. Bank help desk directly at 888-994-6722.
 - (3) Access at: <https://wbt.access.usbank.com>. Click, “Register a new account”. At the Registration screen, complete the required fields. Organization Short Name is **ARMY**. Select “Government AO/BO”, “Government Cardholder”, or “Government Financial Manager”. Click, Register. At the next screen, Click “Go to the lesson modules” to access lesson content, including procedures, self-evaluation questions, user guides, quick references, and simulations.
 - (4) Mandatory Lessons for CH’s are as follows: Online Registration, Navigation Basics, Viewing Your Statement, Account Profile, Account Approval, Process, Reporting, My Personal Information, and Order Management.
 - (5) Mandatory Lessons for BO’s are as follows: Navigation Basics, Reporting, Shared Reporting, Account Approval Process, Viewing Statements, Account Profiles, and Order Management.

FREQUENTLY ASKED QUESTIONS:

Q1. I am a billing official and I have final approved all my cardholder transactions but the system will not allow me to certify my bill?

A1. All cardholders, both current as well as recently closed cardholder accounts must have a green approved checkmark in AXOL. AXOL will automatically approve closed accounts if there have been no transactions. However if there is not a green checkmark next to each cardholder, there has been a transaction that has posted to the account. Both debits and credits (to include rebates) must be matched and approved before the billing official is capable of certifying the account for payment.

Q2. Can I approve my cardholder’s statement if I have pending transactions in AXOL?

A2. No, cardholders must create an order for every transaction prior to approving there monthly invoice statement in AXOL.

Q3. How many days is it before a cardholder is locked out of AXOL after the end of the cycle?

A3. Cardholders have 3 calendar days to perform account reconciliation and account approvals. Failing to perform these duties within 15 calendar days after the end of the cycle will result in the cardholder

being locked out from performing the duties. The billing official must perform the cardholder's duties prior to certification of the monthly invoice for payment.

Q4. I have an unrecognized charge, how many days do I have to dispute the transaction in AXOL?

A4. You now have 90 days from the date the transaction posted in AXOL. US Bank will not assist us in disputing transactions after 90 days. Please ensure that your disputes are handled on a timely basis.

Q5. I am the cardholder and I need to create an order in AXOL, do I input my name as the "Requestor" for the supplies I just purchased?

A5. The cardholder should never be identified as the requestor. The requestor is the person that requested the item be purchased.

Q6. When should I contact US Bank?

A6. The cardholder or billing official should call US Bank when they have technical issues that cannot be resolved. Contact US Bank 24 hours a day and 7 days a week at 888-994-6722.

Q7. I am an Army Resource Manager. I used to make changes in access online to my accounts and the changes were made real time but now the change is delayed. What change has occurred in Access Online?

A7. The Army has changed the workflow in Access Online. Prior to FY 10 resource manager could submit account changes directly to US Bank via Access Online. Now, the Army workflow in Access Online requires that resource manager submissions flow to the NCRCC Agency Program Coordinator before going to US Bank. If you have an urgent request, please contact NCRCC at gsasmartpay@conus.army.mil.

Chapter

7

7. SUSPENSIONS & DISPUTES

a. ACCOUNT SUSPENSION

1. DoD policy is to pay its invoices in a timely manner. The Army standard for delinquent accounts is .75%, while NCRCC's goal is 0%. Any account 31 days late being paid is delinquent. U.S. Bank will suspend accounts that are 60 days past due. Before suspension, the bank will notify BOs and APCs of the pending suspension. If the account goes beyond 90 days past the due date, the BO will be required to meet with the Purchase Card Branch Chief. No further card transactions will be allowed on that account until such time as the account is paid in full with appropriate interest.
2. When U.S. Bank receives payment in full, the account will automatically be reinstated. When the account is suspended, no purchases can be made. Accounts suspended more than twice in a 12 month period may be cancelled.
3. To re-establish a cancelled purchase card account, please coordinate with your resource manager or the DFAS office to obtain the date paid, amounts paid and check number. Submit this information to the NCRCC APC at gsasmartpay@conus.army.mil.
4. Suspension timeline: Failure to adhere to the payment timeline results in interest penalties. If receipt and acceptance cannot be verified, the cardholder shall protect the Governments rights by disputing the transaction. Disputes must be filed within 90 days of the date of the transaction. After 90 days the cardholder must work directly with the vendor to handle the dispute. The cardholder must track disputes to completion.

31 Days

Interest Accrues from this date if payment is not made. Any account 31 days late is delinquent

31 Days – The Prompt Payment Act requires proper invoices to be paid within 30 days. Interest accrues from Day 31 if payment is not made.

45 Days

Late Payment Notice Mailed to BO

45 Days - An account is considered past due if payment for undisputed principal amounts has not been received 45 calendar days from the billing date. If the account has not been suspended in the last 12 months, or if it has only been suspended once, the first Late Payment Notice will be sent. This Late Payment Notice notifies the billing official that the account is past due and requests full payment of undisputed principal amount. If the account has been suspended twice

within the last 12 months, the account will be automatically suspended again. A Late Payment Notice will be sent notifying that the account is past due again, and that it will be canceled if no payment is received within five (5) calendar days.

55 Days

Bank issues 2nd Late Notice.

55 Days - If payment has not been received at 55 calendar days from the billing date, U.S. Bank will send a second Late Payment Notice. The second Late Payment Notice notifies that the account will be suspended within five (5) calendar days if no payment is received.

61 Days

Account is suspended by Bank.

61 Days - If payment has not been received at 61 calendar days from the billing date, U.S. Bank will suspend the account.

120 Days

Bank issues 3rd Late Notice; Account is canceled if not paid within 5 calendar days.

120 Days - If payment has not been received at 120 calendar days from the billing date, a third Late Payment Notice is sent. This Late Payment Notice informs that the account is now 120 days past due and the account will be canceled if payment is not received within five (5) calendar days.

181 Days

Level 4 hierarchy affected

181 Days – Your failure to pay will impact not only your office but all other agencies within your reporting hierarchy. All accounts in the Level 4 hierarchy affected by the suspended account will also be suspended.

5. Account Suspension Prevention

- (a) Promptly review, reconcile and certify billing statements for the agency/organization enabling timely payment to U.S. Bank.
- (b) Keep track of dispute initiation and resolution; certify payment upon dispute resolution.
- (c) Take immediate action when a Late Payment Notice is received.
- (d) Contact U.S. Bank immediately if it appears that an error has been made.
- (e) Implement written internal controls to ensure timely payment.

b. DISPUTES

1. A disputed item is a questionable purchase card transaction posted to a CH's account.
2. Items that can not be formally disputed with U.S. Bank:
 - (a) Convenience checks.
 - (b) Taxes.
 - (c) Shipping and handling charges.

- (d) Foreign exchange rates.
- (e) Rebates and credits should not be disputed.
- 3. When disputing a transaction, the CH should first make an effort to resolve the discrepancy with the vendor. If this is unsuccessful, then the following applies:
 - (a) AXOL Users -
 - (1) Highlight the required transaction and click **Dispute**.
 - (2) Select the reason for the dispute and complete the comments section.
 - (3) Click the **Submit** button to transmit the dispute to U.S. Bank.
 - (b) Agencies not using AXOL -
 - (1) Complete the Customer Statement Questionnaire Inquiry (CSQI) form.
 - (2) Mail or fax the original form to:

U.S. Bank Government Services
P.O. Box 6347
Fargo, ND 58125-6347
Fax: 701-461-3466

NOTE: If the transaction is disputed in error, you must contact U.S. Bank customer service to cancel the dispute process. The item must be disputed within 90 calendar days from the date the transaction posts to the account.

(3) The CSQI form must be returned to U.S. Bank no later than 90 days after the date the transaction post into Access Online. Retain a copy for the files and forward a copy with the approved Statement of Account to the BO or other routing as indicated by the agencies/organizations internal procedures.

(c) U.S. Bank must be notified of a dispute no later than 90 days after the transaction posts in Access Online. They are required to resolve disputes within 180 days of initiation, although most disputes are resolved within 30 days. If there are questions regarding disputing a transaction, call U.S. Bank at 888-994-6722 for assistance.

c. OTHER ACTIONS WHICH MAY LEAD TO SUSPENSIONS/CANCELLATIONS

- 1. Serious deficiencies in management of your purchase card program.
- 2. Non-compliance with succession planning to retain a billing official or alternate billing official.
- 3. Compromised accounts.

4. Non-responsive to APC inquiries.
5. Repeat findings on review reports.
6. **Six (6) months of account inactivity.**
7. **Non receipt of the Corrective Action Plans (CAPs).**
8. **For Army Accounts only – Failure to certify the monthly statements in AXOL. (m9 suspension)**
9. **For Air Force Accounts only – Failure to approve the monthly statements in AXOL. (s1 suspension)**
10. **Noncompliance with required training.**

Chapter

8

8. FILE DOCUMENTATION & RETENTION

BO FILES. The BO is required to maintain original account files. These documents will be inspected as part of NCRCC reviews. Each CH should also maintain files for transactions, especially if not co-located with the BO. At a minimum, these files must include the following:

a. AUTHORITY DOCUMENTS

1. Letters of Appointment for BO and ABO.
2. Copies of DD Form 577 for the BO and ABO.
3. Delegation of procurement authority letter for each CH. Verify the Single Purchase Limit stated on the letter.

b. TRAINING DOCUMENTS

These documents are required for the BO, ABO, and each CH:

CHs – Need to maintain a copy of their training certificates.

ABOs – Need to maintain a copy of their training certificates.

BOs need to maintain copies of their CHs and ABOs certificates.

1. Certificate of completion of DAU continuous learning course for the DoD Government Purchase Card.
2. Certificate of completion for NCRCC orientation training.
3. Verification of completion of annual ethics training. This may be done through a certificate of training or self certification.
4. All cardholders and billing officials are required to complete annual refresher training.
5. All cardholders with a single purchase limit above \$3,000 are required to complete annual advanced purchase card training.

c. INTERNAL CONTROL PROCEDURES

Each agency must develop written internal controls.

d. REVIEW DOCUMENTS

1. Copy of the BO's written annual review of each CH.
2. Copies of previous reviews. This includes reviews by NCRCC, an internal audit agency or any other agency.
3. Copies of any Corrective Action Plans. These will not exist for all accounts, but only those where formal documentation of corrective action was required.

e. PURCHASE DOCUMENTS

For each purchase, the BO's files must include the **original NCRCC Pre-Approval Form** and additional documentation needed to establish legitimate need, shows who authorized the purchase, shows checks of mandatory sources, shows that a government employee (other than the CH) received the purchase on behalf of the government, and includes a detailed receipt/invoice. The file must also contain any purchase authorizations, waivers and/or justification to support an unusual purchase. Any disputes and follow-up actions must also be fully documented. The NCRCC Pre-Approval Form is provided. The table below the form summarizes the steps of the purchase process and the documentation required.

NCRCC GPC Pre-Approval Form					
(Do NOT Use this form for Training, the SF 182 is required for training)					
Requested By:			Request Number:		
Required Date:			Date Ordered:		
Priority:	Routine		Urgent		
Is this purchase for Electronic & Information Technology items (Section 508 of the Rehabilitation Act)?					
Yes	No				
Mandatory Government Sources must be used if they satisfy the requirement.			AWARDEE VENDOR INFORMATION:		
MANDATORY SOURCES:			Vendor's Name:		
1. Agency Inventories			Address:		
2. UNICOR			City, State, Zip:		
3. NIB/NISH (Ability One)			Phone/FAX:		
4. DoD Email			No Shipping Cost - FOB		
5. GSA Advantage (FSS)			Purchase Amount (total):		
6. DAPS			Sales Rep.:		
7. Other			Estimated Delivery:		
			Confirmation #:		
Reason for not using a Mandatory source:					
Requestor must provide a justification for the request. Specific DETAILS are required.					
Sources Contacted:		Vendor POC		Date of Quote	
1 Vendor Name				Total Cost	
2 Vendor Name					
3 Vendor Name					
Item #	Description	Qty	Unit	Unit Cost	Total Cost
-					-\$
-					-\$
-					-\$
-					-\$
-					-\$
-					-\$
Add'l charge – no sales tax					-\$
PLEASE SEE CONTINUATION SHEET <input type="checkbox"/>					Grand Total:
					-\$
Agency Name:					
Office:			Phone:		
Attn:			Bldg/Room:		
Address:			FAX:		
City, State & Zip:					
Cardholder Signature:				Date:	
Billing Official Pre-Approval Signature:				Date:	
Independent Receipt & Acceptance by 3rd Party (not by CH): { } Yes				Coordination with PBO { } Yes*	
If block is not checked yes, written explanation must be provided by CH					

STEP	TRANSACTION	DOCUMENTATION - ACTION
1	Establish Necessary Expense (Legitimate Government Need)	* <u>NCRCC PRE-APPROVAL FORM</u> * B.O. Approval Signature - E-mail Approval Acceptable (CH must attach to the PRE-APPROVAL FORM) * Obtain any special approvals/waivers * Lawful, legitimate, bonafide, minimum govt need at fair/reasonable price
2	Order Placement	* <u>Actions to perform when Placing an Order</u> - Verify Funding Available, Update Purchase Log - Screen for Mandatory Sources, Identify Small Business - Promote competition, rotate vendors, avoid split purchases * <u>Confirmation Order from Vendor</u> - ensure no sales tax charged, a single delivery - no backordered items, clarify return policy * <u>Vendor may charge the Card</u> * Supplies = after shipment * Services = after performance and Government acceptance
3	Independent Receipt & Acceptance	* Receive a Packing Slip, VISA Slip, Sales Slip, Invoice, to ensure: proof of delivery & items delivered conform to the requirement * Obtain detailed Invoice * Screen for Accountable Property and notify PBO * Govt Acceptance: Signature by someone other than a cardholder (must be a government employee).
4	Dispute Resolution	* Resolve any disputes or disputed items with Vendor * Unresolved dispute over 30 days, initiate the dispute in AXOL or forward CSQI Form to Bank * Contact APC if necessary
5	Payment	* Cardholder Statement Reconciliation * Billing Statement Certification within 5 days of cycle end date * Bulk Funding Update * Verify last Billing Statement was paid
6	Records Retention	* Retain records for 6 years and 3 months * Ensure records are readily accessible for review

f. BILLING DOCUMENTS

1. For accounts that are using AXOL (for accounts not using AXOL see paragraph 2):

(a) The CH's order must be created in AXOL for each transaction. At a minimum, the following six (6) fields must be completed:

(1) Order Number

- (2) Order Date
 - (3) Requestor Name
 - (4) Order Amount
 - (5) Merchant Name
 - (6) Miscellaneous Comments (For purchases above the micro purchase limit - In the AXOL transaction log, the Contract Number and Business Size (large or small) will be entered in the Comment block in addition to the description of the item(s) purchased. This is needed for Contract Action Reporting.)
- (b) While not required, a copy of the BO's monthly statement or a similar report can be used to help verify that all purchase documents for each billing cycle are in file.
 - (c) The BO's certification of the monthly statement is maintained in AXOL. No printout is required.
2. For accounts that are NOT using AXOL (in addition to the documentation listed above):
- (a) The BO's monthly billing statement.
 - (b) The billing statement must be date stamped upon receipt.
 - (c) The amount of payment must be annotated on the first page in the space provided.
 - (d) The CH's monthly billing statement.
 - (e) A detailed purchase log, which includes a running balance of available funds.

g. FILE RETENTION

File documentation must be retained for six (6) years and three (3) months after the final payment is made based on the DoDFMR, Volume 1. Regular scanning of purchase card documentation is not sufficient to comply with record retention of documentation for the requirement of 6 years and 3 months. Hard copy documentation must be maintained. Electronic storage is prohibited because if legal action must be taken in support of the Government, this method of storage is inadmissible as evidence. Storing your documents in file folders marked with the applicable month and FY of the billing cycle is recommended.

The file numbers referenced below can be used for storing your purchase card records:

FN 715

Title: General Procurement correspondence files.

Description: Information relating to procurement which cannot logically be filed with the detailed record numbers below.

FN 715h

Title: Contracting Officer Designations

Description: Records pertaining to appointment of approval authority and delegations of authority to cardholders by the approval authority.

FN 715j

Title: Small purchase categories

Description: Records pertaining to credit card transactions.

Chapter

9

9. REVIEWS, REVIEW PROCESS, & CHECKLISTS

a. REVIEWS

1. **Purchase card reviews will be performed once each fiscal year (beginning 1 October of the fiscal year) on all purchase card accounts. Convenience check reviews will be performed quarterly.** There may be electronic, unannounced or special reviews. The reviews will focus on your transaction activity and overall adherence to the purchase card program requirements, as well as your response to previous findings and recommendations and the corrective actions taken on previous reviews.
2. During the NCRCC review, we will obtain and review your written policies and procedures, which describe and control your purchase card program. We will also review the key elements of the transaction and control environment, as well as other internal control activities listed in this chapter. A review report will be issued within 30 days of the completion of the review to communicate the findings, discrepancies and issues. Upon receipt of the review report, you may respond in writing within 30 days to any of the findings, discrepancies, issues or recommendations. NCRCC's review findings will be documented in writing and forwarded to the BO for corrective action. A copy of this review will be forwarded to the BO's supervisor.
3. **Review reports must be maintained on file for six (6) years and three (3) months. Repeat findings from the previous fiscal year review report may result in suspension of your account.**
4. The **purpose** of the reviews is to support BOs, CHs, and leadership with objective, professional, and reliable evaluation and consulting services that add value and improve operations through:
 - (a) Fostering good stewardship of resources;
 - (b) Improving processes;
 - (c) Evaluating and strengthening management controls; and,
 - (d) Assessing and reducing risk.

5. The **objectives** of the reviews are to:

- (a) Ensure that agencies establish and maintain internal controls to provide reasonable assurance that:
 - (1) Goals and objectives of the purchase card program are being met; and
 - (2) Safeguards against fraudulent, improper, and abusive purchases are adequate.
- (b) Assess program results.
 - (1) Communicate results so systemic problems can be identified and addressed.
 - (2) Implement Corrective Action Plans.
 - (3) Improve the performance and accountability of the Government Purchase Card program.

6. The BO's agency will generally receive a positive report if it adheres to the following:

- (a) Written procedures outlining areas such as property accountability for non-expendable items and coordination with an Information Management Officer when buying information technology items.
- (b) Written guidance to CHs advising of office limits, and when and how funding will be managed for each purchase card account.
- (c) Adequate separation of duties between the BO, CHs, resource manager, and the PBO.
- (d) Records are well organized, and purchase files are properly documented with receipts.
- (e) Documentation in the file explaining any unusual situations, such as a buy that appears to have been a "split" but wasn't, or unusual purchases, such as items that are infrequently purchased.
- (f) Active consideration of mandatory sources consistent with FAR Part 8.
- (g) Rotation of vendors to promote competition, as well as seeking fair and reasonable pricing for open market buys.
- (h) No unauthorized purchases.
- (i) Proper span of control, i.e., a BO having no more than seven (7) CH accounts.
- (j) Closing accounts with no activity for six (6) months or longer.

b. THE REVIEW PROCESS

Below is the process NCRCC follows in conducting the review of your purchase card account.

1. **BO Scheduling/Notification.** The reviewer will schedule a Government Purchase Card review with the BO preferably through e-mail contact advising them of the upcoming and type of reviews to be performed, the required documents needed for the review, and the agreed to date and location of the review.
2. **BO Account Research.** The reviewer will perform preliminary research from AXOL data.
3. **Inbrief.** Brief agency personnel. Brief should include the BO, ABO, and CHs. Other personnel such as the BO's supervisor, resource manager, and accountable property officer may attend. The inbrief will cover the areas we intend to review such as compliance with laws and regulations, procurement methods and standards, management control environment (internal controls), property accountability, purchase transaction activities, training, risk management, financial exposure, adequacy of business processes and whether inappropriate items are being purchased.
4. **Review Files.** The review will cover the following areas: written internal controls; review of past review findings to ensure implementation of corrective actions; transactions including all supporting documentation and receipts for transactions (approvals and authorizations, establishment of the legitimate government need, screening for required sources of supply and services, and independent receipt and acceptance); delegation letters and training certificates; AXOL transaction log; monthly statements; dispute resolutions; credit limits and financial exposure; accountable property control procedures; succession planning; payment reconciliations; records retention; funding authorizations; management controls; adherence to laws, regulations, agency policies and procedures; and procurement methods and standards.
5. **Outbrief.** The outbrief will discuss the following: overall risk assessment including strengths and weaknesses of your GPC program; recommendations for corrective actions; POCs in the Purchase Card Branch and NCRCC; financial exposure (purchase limits and historical spending patterns); identify where the activity is exposed to the most risk. (financial, physical, human, intangible, policy, operational, fiscal, reputation, and what value, business impact, and control environment you put in place to safeguard these assets.); address attitudes, pressures, and opportunities that contribute to an environment where fraud, waste, and abuse may occur; identify management control issues related to internal controls; procurement methods and standards, relevant laws and regulations; record retention; and succession planning.
6. **Write Review Report.**
7. **Distribute Review Report.** Generally the report will be distributed within 30 days following the review.
8. **Agency Review Period.** Allow 30 days for a rebuttal response. If a Corrective Action Plan (CAP) is required, the reviewer will track to ensure an electronic response is received within 30 days in the format provided to the BO during the outbrief.

9. **Follow-On Meeting with the Branch Chief, Reviewer, and Activity.** This is necessary only if the report recommends suspension, cancellation, or the findings warrant further investigation or clarification.
10. **Corrective Action Plan (CAP) Review.** The agency's submitted CAP will be reviewed and approved by the Branch Chief. The Branch Chief will notify the activity of any deficiencies in the CAP for correction and allow two (2) weeks for a response. If no response is received, the NCRCC Branch Chief will suspend the BO account until an acceptable CAP is submitted and approved by the Branch Chief.
11. **Record/File Retention.** NCRCC will maintain review reports electronically.

c. CHECKLISTS

A sound evaluation checklist clarifies the criteria that must be considered when evaluating something in a particular area; aids the evaluator not to forget important criteria; and enhances the assessment's objectivity, credibility, and reproducibility. Moreover, such a checklist is useful in planning a review, monitoring and guiding its operation, and assessing its outcomes. Before starting an on-site review, plan the review. Review past review reports, note indications of possible problem areas and items, if any that were identified for corrective action in a previous review. Checklists help to ensure that the review is conducted in a systematic and comprehensive manner, and the proper evidence and documentation are obtained.

The following FY10 GPC Review Checklist is being provided for informational purposes. It will be used by the NCRCC staff in reviewing GPC accounts. Billing Officials are encouraged to become familiar with the requirements listed on this checklist. The FY10 GPC Review Checklist highlights internal controls requiring compliance with issues related to training, succession planning, financial controls, laws and regulations, procurement methods and standards, management controls, purchase card transactions, and records maintenance. The checkmarks below the review type indicate that this finding will be checked for this type of review.

	FY 11 GPC REVIEW CHECKLIST	YES	NO	MICRO	CHECKS	ELECTRONIC	25K
#	FINDINGS DESCRIPTION	Y	N	M	CK	E	25K
1	ACCRUED INTEREST PAID - BANK NOT PAID WITHIN 30 DAYS (see Chapter 7)			✓	✓		✓
2	AFTER THE FACT BUY			✓	✓	✓	✓
3	ALTERNATE BILLING OFFICIAL MISSING (See Chapter 5)			✓	✓		✓
4	APPROVALS/AUTHORIZATIONS MISSING (i.e. policy waivers/exceptions/B.O. approval for IT, DTS-W, Printing, Ergonomic related, HAZMAT, Medical, Coins, Heraldry Items, Kitchen Appliances, CH do not act totally independent) - BO and CH must ensure all necessary approvals are obtained prior to making the purchase. Pre-purchase approval is required for requirements that appear to be outside the normal needs of the activity and the documentation must address the legitimate government need. Failure to obtain approval prior to purchase may result in the BO and/or CH reimbursing the govt for the price of any unapproved item(s) or service - AR715 (See Chapter 12)			✓	✓		✓
5	AWARD DETERMINATION MISSING FOR PURCHASES ABOVE THE MICROPURCHASE LIMIT * Micro purchases - If competitive quotations were solicited and award was made to other than the low quoter, documentation to support the purchase may be limited to identification of the solicited concerns and an explanation for the award decision. ** Purchases above the micro purchase limit - The file must include an explanation, tailored to the size and complexity of the acquisition, of the basis for the award decision. (See Chapter 14)						✓
6	BULK APPROVAL BY B.O. TO CARDHOLDERS FOR CONSUMABLE SUPPLIES MISSING			✓			✓
7	CARD SECURITY (i.e. safeguarding the card, physical security/releasing card number/compromised card/card canx) (See Chapter 5)			✓	✓		✓
8	CARD USAGE NOT MAXIMIZED (Contract Payments, BPAs, FSS) (See Chapter 15)			✓	✓	✓	✓
9	CHECKS - ACTIVE GPC ACCOUNTS ARE NOT IN GOOD STANDING (i.e. delinquent) (See Chapter 13)				✓		
10	CHECKS - CHECK ISSUED FOR MORE THAN \$3,000 (see Chapter 13)				✓		

	FY 11 GPC REVIEW CHECKLIST	YES	NO	MICRO	CHECKS	ELECTRONIC	25K
#	FINDINGS DESCRIPTION	Y	N	M	CK	E	25K
11	CHECKS - CHECKWRITER DID NOT RETAIN ORIGINAL VOIDED CHECK				✓		
12	CHECKS - CHECKS WERE NOT STORED IN A LOCKED CONTAINER WHEN NOT IN USE (see Chapter 13)				✓		
13	CHECKS - CHECKWRITER DISPUTE PROCESS NOT FOLLOWED (check writer must resolve disputes with vendor) (see Chapter 13)				✓		
14	CHECKS - MUST BE REVIEWED QUARTERLY (see Chapter 13)				✓		
15	CHECKS - MUST BE WRITTEN BY CHECKWRITER (see Chapter 13)				✓		
16	CHECKS - SUPPLIES OR SERVICES MUST BE AVAILABLE FOR DELIVERY WITHIN 30 DAYS (see Chapter 13)				✓		
17	CHECKS - SYSTEMS ACCESS FORMS (DD FORM 2875 AND 2869) NOT COMPLETED (see Chapter 13)				✓		
18	CHECKS - TRP1099 DATA NOT CAPTURED AND REPORTED TO IRS (i.e. must submit 1099 to DFAS on any checks written for services) (see Chapter 13)				✓		
19	CHECKS - MUST NOT BE WRITTEN IF THE VENDOR ACCEPTS THE GPC. (i.e. used check to avoid GPC payment process) (see Chapter 13)				✓		
20	CHECKS - UNAUTHORIZED USE (i.e. Check used for payment of salaries, travel advances, travel claims, contracts, and repetitive purchases from same vendor) (see Chapter 13)				✓		
21	CLAUSE 52.232.36 "PAYMENT BY THIRD PARTY" OR CLAUSE 52.213-2 "INVOICES" FOR ADVANCE PAYMENTS FOR SUBSCRIPTIONS MISSING FROM THE CONTRACT FOR CONTRACTS USING THE GPC AS THE METHOD OF PAYMENT (see Chapter 15)						✓
22	COMPETITION REQUIREMENTS NOT MET FOR PURCHASES ABOVE the micropurchase limit (i.e. Missing 3 quotes from small businesses) (mixed small, large, and open market quotes) - Must not solicit quotes based on personal preferences or restrict quotes from only well-known and widely distributed makes or brands. (see Chapter 14)						✓
23	CONFERENCE PLANNING DOCUMENTATION MISSING OR INADEQUATE (see Chapter 12)			✓	✓		✓
24	CORRECTIVE ACTION PLAN INEFFECTIVE AND/OR MISSING (Chapter 9)			✓	✓		✓
25	CORRECTIVE ACTION PLAN REQUIRED IAW REVIEW RESULTS (See Chapter 9)			✓	✓	✓	✓

	FY 11 GPC REVIEW CHECKLIST	YES	NO	MICRO	CHECKS	ELECTRONIC	25K
#	FINDINGS DESCRIPTION	Y	N	M	CK	E	25K
26	CREDIT LIMITS EXCEED PROCUREMENT NEEDS - Limits are coordinated between APC, RM, BO. Limits should be based on historical spending, anticipated requirements, and available funding. Limits should not be based on unlikely contingencies. (See Chapter 10)			✓	✓	✓	✓
27	SF182 NOT USED FOR TRAINING PURCHASE (GPC shall be used as a method of payment for all commercial training \$25,000 and below using the SF Form 182. Advance payments are authorized under FAR Part 32 and TA Program IAW AR 621-5 (See Chapter 12)			✓	✓		✓
28	DELEGATION LETTERS MISSING OR NOT CURRENT (See Chapter 4)			✓	✓		✓
29	DELINQUENT ACCOUNT (The Army Standard is any account over 31 days without payment) (Accounts will be closed permanently if more than 2 suspensions occur within a 12 month period. Only the Army Level II can approve waivers. (See Chapter 7)			✓	✓	✓	✓
30	PROCEDURES FOR DEPLOYED CARDHOLDERS NOT FOLLOWED			✓			✓
31	DISCIPLINARY ACTION MISSING, INADEQUATE, OR INEFFECTIVE (i.e. Any misuse of the GPC is subject to criminal, civil, UCMJ, administrative, and disciplinary actions as appropriate) (Repeated non-adherence to policies and procedures in NCRCC PCOP: evidenced by repeat findings on review reports not addressed/corrected by the activity) (See Chapter 18)			✓	✓	✓	✓
32	DOCUMENTATION TO SUPPORT TRANSACTIONS MISSING OR INADEQUATE (See Chapter 12)			✓	✓		✓
33	ELECTRONIC PAYMENT SOLUTION NOT IMPLEMENTED (See Chapter 6)			✓	✓	✓	✓
34	EXCEEDED AUTHORITY (Delegation, Credit Limits, Inappropriate Procurement Method, After the Fact Buy, Unauthorized Purchases) Procurement thresholds to not apply when using the purchase card for services/supplies received from other government sources (i.e. DAPS, GSA Stores or depots, DLA). Payment with the card is mandatory for services from DAPS at any dollar level, and all commercial training up to \$25,000. (See Chapter 12)			✓	✓	✓	✓
35	FILE RETENTION (i.e. Statements, original receipts and documentation - 6 yrs 3 mos, files must be readily available) DoDFMR, Vol 1 (see Chapter 8)			✓	✓		✓

	FY 11 GPC REVIEW CHECKLIST	YES	NO	MICRO	CHECKS	ELECTRONIC	25K
#	FINDINGS DESCRIPTION	Y	N	M	CK	E	25K
36	FUNDS CONTROL (i.e. funds are available prior to making the purchase) (RM is responsible for the proper assignment of funding on an obligation document before the obligation is incurred, and for maintaining a system of positive funds control) (See Chapter 5)			✓	✓		✓
37	INAPPROPRIATE PROCUREMENT METHOD (Used card as an acquisition tool where a negotiated contract is required) (i.e. BPA, DAPS, FSS, TRAINING) Uses of card include micro purchases, payment method, place orders against existing contracts only, DAPS (any \$\$ level), Training up to \$25,000. (see Chapter 10) Exception to using the card for micro purchases: See DFARS 213.270 for full list.			✓	✓	✓	✓
38	INDEPENDENT RECEIPT AND ACCEPTANCE - For Transactions posted and paid but not received, you must have a tracking system in place to verify subsequent delivery. Each purchase transaction must be independently received and accepted by a government person (someone other than the cardholder). A legible signature/date must appear on the invoice, packing slip, document. (see Chapter 10)			✓	✓		✓
39	INTERNAL CONTROLS INADEQUATE (Inadequate operating procedures) (Must comply with all applicable DoD regs, policies, and procedures, including local standard operating procedures - DoD FMR Vol 5 Ch. 33 330301B) (see Chapter 10)			✓	✓		✓
40	JUSTIFICATION FOR PURCHASE FROM OTHER THAN A SMALL BUSINESS MISSING OR INADEQUATE (See Chapter 14)						✓
41	LATE PAYMENT CERTIFICATION (See Chapter 7)			✓	✓	✓	✓
42	LEGITIMATE GOVERNMENT NEED MISSING OR INADEQUATE - Undue pressure from a supervisor or manager to make a purchase does not constitute a legitimate government need. (see Chapter 10)			✓	✓		✓
43	MANAGEMENT CONTROL EVALUATION MISSING (i.e. required every 2 years, Mgmt must prepare and sign DA Form 11-2-R and provide copy to us) (see Chapter 10)			✓	✓		✓

	FY 11 GPC REVIEW CHECKLIST	YES	NO	MICRO	CHECKS	ELECTRONIC	25K
#	FINDINGS DESCRIPTION	Y	N	M	CK	E	25K
44	MANAGEMENT OVERSIGHT AND MONITORING INADEQUATE (i.e. controls should provide reasonable assurance that systemic weaknesses are corrected, and controls are operating effectively, and being used) (Must comply with all applicable DoD regs, policies, and procedures, including local standard operating procedures - DoD FMR Vol 5 Ch. 33 330301B) (see Chapter 10)			✓	✓	✓	✓
45	MANDATORY SOURCE VIOLATIONS (ABILITY ONE, Army BPAs, 508 Compliance) FAR Part 11.4 Cardholders shall ensure that delivery or performance schedules are realistic and meet the requirements of the acquisition. Schedules that are unnecessarily short or difficult to attain -- (1) Tend to restrict competition, (2) Are inconsistent with small business policies, and (3) May result in higher contract prices. Factors to Consider in Establishing Delivery Schedules. When establishing a delivery or performance schedule, factors to consider: (1) Urgency of need; (2) Industry practices; (3) Market conditions; (4) Transportation time; (5) Production time; (6) Capabilities of small business concerns; (7) Admin time for obtaining & evaluating offers and for awarding contracts; (8) Time for contractors to comply with any conditions precedent to contract performance; and (9) Time for the Government to perform its obligations under the contract; e.g., furnishing Government property. (see Chapter 10)			✓	✓	✓	✓
46	MARKET RESEARCH & DESCRIPTION OF AGENCY NEED INADEQUATE The description of agency need must contain sufficient detail for cardholders to know which commercial products or services may be suitable. Describe the type of product or service and explain how the agency intends to use the product or service in terms of function to be performed, performance requirement or essential physical characteristics. (see Chapter 10)			✓	✓		✓

	FY 11 GPC REVIEW CHECKLIST	YES	NO	MICRO	CHECKS	ELECTRONIC	25K
#	FINDINGS DESCRIPTION	Y	N	M	CK	E	25K
47	MERCHANT CATEGORY CODE NOT TAILORED TO EACH CARD APPROPRIATELY (i.e. either too restrictive or too open) (See Chapter 10)			✓	✓	✓	✓
48	MERCHANT CATEGORY CODE THRESHOLD VIOLATION (Army Accounts) (See Chapter 10)			✓	✓	✓	✓
49	NEGLIGENT PERFORMANCE OF DUTIES (i.e. noncompliance with regulations/policies/procedures/SOPs) (Financial liability - DoD 7000.15) (Pecuniary liability - FMR Vol 5, Ch 33 (see Chapter 18)			✓	✓	✓	✓
50	OBLIGATIONS MUST BE POSTED PRIOR TO SUBMITTAL OF AN INVOICE FOR NON-EDI ACCOUNTS (See Chapter 5)			✓	✓		✓
51	OPEN MARKET PURCHASE (see Chapter 11)				✓		✓
52	PAYMENT IMPROPER OR ERRONEOUS - The BO is personally and pecuniary liable for repaying a pmt that is determined to be illegal, improper, or incorrect because of an inaccurate or misleading certification; prohibited by law; or does not represent a legal obligation under the appropriation or fund involved. A heavy workload, lack of experience, supervision, or training, is not a factor in determining relief from liability. False Payment Certification - CH certifies for B.O. False Representation - CH acting on behalf of BO. Following orders from superiors that are contrary to regulations, policies, and procedures, is no defense to negligence or bad faith. Financial liability - DoD 7000.15, Pecuniary liability - FMR Vol 5, Ch 33. Erroneous Payment - fiscal irregularity resulting from regularly or irregularly processed payments that are not in strict compliance with laws and regulations. i.e. overpayment, pmt to wrong payee, two			✓	✓	✓	✓

	FY 11 GPC REVIEW CHECKLIST	YES	NO	MICRO	CHECKS	ELECTRONIC	25K
#	FINDINGS DESCRIPTION	Y	N	M	CK	E	25K
	or more pmts to a payee for the same entitlement, check overdraft, shortages of checks, pmt based on fraudulent, forged, or altered documents, pmt made in violation of a law or regulation. (see Chapter 18)						
53	<p>PRICE REASONABLENESS DETERMINATION MISSING OR INADEQUATE - Micro-Purchase Documentation (FAR 13.202). Action to verify price is only required when you suspect or have information to indicate the price may not be reasonable or when you buy an item for which no comparable pricing information is readily available. When you must take action to verify price reasonableness, documentation should be sufficient to establish price reasonableness. If you award to other than the low quoter, you must explain your award decision.</p> <p>For purchases above \$3,000, whenever possible, base your determination on comparisons with competitive quotations or offers. If you only receive one quote, you must include price reasonableness documentation in the file based on:</p> <ol style="list-style-type: none"> 1. Market research 2. Comparison of previous purchases; 3. Current price lists, catalogs, or advertisements; 4. A comparison with similar items in a related industry 5. Value analysis; 6. Personal knowledge of the item being purchased; 7. Comparison to an Independent Government Estimate; or 8. Any other reasonable basis. (see Chapter 10) 						✓
54	<p>PROPERTY BOOK PROCEDURES IN PLACE (i.e. CH who is hand receipt holder can't purchase acct. prop. for their own use.) (See Chapter 5)</p>			✓			✓

	FY 11 GPC REVIEW CHECKLIST	YES	NO	MICRO	CHECKS	ELECTRONIC	25K
#	FINDINGS DESCRIPTION	Y	N	M	CK	E	25K
55	QUANTITY PRICE DISCOUNTS NOT REQUESTED (i.e. BPA - Should seek a price reduction when the supply or service is available elsewhere at a lower price or based on a potential large volume of orders) (see Chapter 10)			✓			✓
56	QUESTIONABLE PURCHASE (i.e. Improper, Abusive, Excessive) (Reviewer is required to request justification) (See Chapter 10)			✓	✓	✓	✓
57	QUOTE SHEET MISSING - Required for all purchases above \$3,000. Exception: Mandatory sources. (see Chapter 14)						✓
58	RECEIPTS, INVOICES, PACKING SLIPS MISSING/RECEIPTS NOT ITEMIZED (see Chapter 14)			✓	✓		✓
59	RECONCILIATION INADEQUATE OR IMPROPER (CH - 3 days, B.O. - 5 days/ Pay and Confirm not tracked - get proof of receipt within 45 days, Dispute Resolution incomplete/timely using CSQI Form) (Must certify and forward the official invoice to the paying office within 15 days of receipt. (see Chapter 10)			✓	✓		✓
60	REPEAT FINDINGS (See Chapter 10)			✓	✓	✓	✓
61	RESTRICTED AND UNAUTHORIZED PURCHASE (i.e. outside normal needs, restricted) (See Chapter 12)			✓	✓		✓
62	ROTATION OF VENDORS (i.e. when placing repeat orders, including BPA suppliers) (see Chapter 10)			✓	✓	✓	✓

	FY 11 GPC REVIEW CHECKLIST	YES	NO	MICRO	CHECKS	ELECTRONIC	25K
#	FINDINGS DESCRIPTION	Y	N	M	CK	E	25K
63	SALES TAX ASSESSED (See Chapter 5)			✓	✓		✓
64	SEPARATION OF DUTIES (see Chapter 9)			✓	✓	✓	✓
65	SIGNATURE FORM MISSING (DD Form 577 not completed and submitted) (see Chapter 8)			✓	✓		✓
66	SMALL BUSINESS NOT PROMOTED - FAR 19.502-1B – This requirement does not apply to micro purchases (purchases of \$3,000 or less) or for purchases from required sources of supply under FAR Part 8 - ABILITY ONE. Orders placed against schedule contracts may be credited toward the ordering activity's small business goals. For orders exceeding the micro purchase threshold, ordering activities should give preference to small business concerns when two or more small businesses can satisfy the requirement. (see Chapter 14)						✓
67	SOLE SOURCE JUSTIFICATION MISSING OR INADEQUATE - Unacceptable justification includes lack of advance planning or funds will expire. (see Chapter 14)						✓
68	SPAN OF CONTROL (i.e. CH to BO ratio - 7:1 and APC to Accounts ratio 1:300) (If Army standard is exceeded by 10% the DOC must provide the PARC with formal documentation stating - DOC has personally reviewed the existing span of control and determined 1. Adequate for admin 2. Surveillance can be performed at a satisfactory level. Must send copy of documentation to Level 3. (see Chapter 10)			✓	✓	✓	✓
69	SPLIT PURCHASE - Split purchases occur when a cardholder splits a known requirement at the time of the purchase into several transactions to avoid competitive bids for purchases over the \$3,000 micro purchase threshold or to avoid other established credit limits. (see Chapter 10)			✓	✓	✓	✓
70	SUCCESSION PLANNING (Establishing/maintaining GPC accounts, i.e. nomination, selection, appointment, DD Form 577 processing - FMR 330505, Review by BO of continuing need for the GPC - Based on mission requirements/purchase history, Out processing by BO incomplete, inadequate human capital resources, workforce planning ineffective such as missing Alternate BO, APC not notified of departing CHs & BOs, workload imbalances) (see Chapter 10)			✓	✓	✓	✓
71	THIRD PARTY PAYMENTS (High risk transactions) (i.e. Pay Pal®, c2it by Citibank) DoD requires that the cardholder make every attempt to select another vendor for the required goods or services. If, after those attempts are made, it is still found necessary to procure the goods or services using a third party payment merchant, the billing official must ensure there is adequate support documentation which shows that a detailed review of the purchase was conducted and that use of a third party payment merchant was unavoidable. (See Chapter 12)			✓	✓	✓	✓

	FY 11 GPC REVIEW CHECKLIST	YES	NO	MICRO	CHECKS	ELECTRONIC	25K
#	FINDINGS DESCRIPTION	Y	N	M	CK	E	25K
72	TRAINING DEFICIENCIES (i.e. orientation, DAU, ethics, 508, refresher, 25K-DFARS 213.3) NCRCC may require additional training depending on the thresholds and circumstances established for the card's use. CH and BO must receive training covering the use of the card prior to being delegated authority. Training must be designed to cover federal, defense, and department regulations, policies, and procedures pertaining to micro-purchases and simplified acquisition procedures as well as being advised of pecuniary liability for certifying and accountable officials. If using BPAs, must provide training on BPA process (AFARS 5113.303-2b). (See Chapter 8) http://purchasecard.saalt.army.mil/docs/rfrshr_trng_pol.pdf - Refresher Training website			✓	✓		✓
73	UNAUTHORIZED PURCHASE (Whether supplies or services are authorized by law depends on three things: (1) The purpose of the purchase, (2) The obligation must occur within the time limits applicable to the appropriation, and (3) The obligation and expenditure must be within the amounts Congress has established. Must be legal, bona fide, legitimate, minimum need at fair price) (All unauthorized purchases must be reimbursed to the government) (i.e. personal use items are unauthorized) (See Chapter 12)			✓	✓		✓
74	UNAUTHORIZED USE OF THE CARD (i.e. someone other than CH) (See Chapter 17)			✓	✓		✓
75	UNICOR COMPARABILITY DETERMINATION MISSING (See Chapter 11)				✓		✓
76	WRITTEN INTERNAL CONTROLS MISSING, INADEQUATE, OR NOT BEING FOLLOWED (See Chapter 10)			✓	✓		✓

Chapter

10

10. INTERNAL CONTROLS

This chapter focuses on internal control activities designed primarily to prevent or detect fraudulent, improper and abusive purchases; assess the adequacy and performance of those control activities; and, identify areas of internal control for potential improvement. The concepts and topics for this chapter are primarily derived from the Government Accountability Office (GAO) Report, GAO-04-87G of November 2003, titled “Audit Guide for Auditing and Investigating the Internal Control of Government Purchase Card Programs”. All of the following internal control standards are applicable to achieving reasonable assurance that fraudulent, improper and abusive purchases do not have a significant adverse affect on the effectiveness or efficiency of the purchase card program. We recommend you incorporate into your written internal control policies and procedures the control activities contained in this chapter.

a. UNDERSTANDING THE PROGRAM

Evaluating the adequacy of internal controls designed to mitigate the government’s risk requires an in-depth understanding of: the relevant laws and regulations; procurement methods and standards; what constitutes an authorized purchase card transaction; the specific organization’s mission activity operations; its purchase card program operations (from purchase request to payment); and identifying the risks associated with non-adherence to established internal control policies and procedures.

1. Relevant Laws and Regulations:

- (a) An organization’s purchase card program must comply with the laws, regulations, contracts and government-wide and organization policies and procedures that:
 - (1) Govern the establishment and operation of the purchase card program;
 - (2) Prescribe procurement methods and standards; and,
 - (3) Pertain to the purposes for which an organization’s appropriations and other sources of funds may be used.
- (b) The latest editions of the following laws, regulations and other guidance are applicable to the federal Government Purchase Card program. Additional laws and regulations and other agency or organization-specific guidance apply as well.
 - (1) FAR
 - (2) Title 10, U.S.C. 2784
 - (3) OMB Circular A-123, appendix b

- (4) Treasury Financial Manual (4-4500)
 - (5) DoD Charge Card Guidebook
 - (6) Army GPC Regulation 715-XX
 - (7) NCRCC Purchase Card Operating Procedures
 - (8) GSA SMART Pay® 2 Master Contract
- (c) Purposes for which an organization's appropriations may be used:
- (1) 31 U.S.C. § 1301(a) "Purpose Statute"
 - (2) Bona Fide Needs Rule, See, e.g. 68 Comp. Gen. 170, 171 (1989); 58 Comp. Gen. 471, 473 (1979); 54 Comp. Gen. 962, 966 (1975)
 - (3) 3 Comp. Gen. 433 (1924) Comptroller General McCarl to the Secretary of War
 - (4) B-288266 (Jan. 27, 2003) Use of Appropriated Funds to Purchase Light Refreshments at Conferences
 - (5) 72 Comp. Gen. 178 (1993) Matter of: Corps of Engineers - Use of Appropriated Funds to Pay for Meals
 - (6) 65 Comp. Gen. 738 (1986) Matter of: Refreshments at Awards Ceremony
 - (7) 64 Comp. Gen. 406 (1985) Matter of: Randall R. Pope and James L. Ryan - Meals at Headquarters Incident to Meetings
 - (8) B-289683 (Oct. 7, 2002) Matter of: Purchase of Cold Weather Clothing, Rock Island District, U.S. Army Corps of Engineers
 - (9) 63 Comp. Gen. 245 (1984) Matter of: Purchase of Down-Filled Parkas

2. Procurement Methods and Standards.

- (a) Purchases made with the purchase card should be made in accordance with generally applicable procurement laws, regulations, and organization procurement policies and procedures. The FAR provides government-wide policies and procedures for acquisition by all executive agencies. Agencies frequently issue supplemental acquisition regulations as well. The FAR specifically prohibits the following:
 - (1) Splitting requirements
 - (2) Violating the mandatory source requirements
 - (3) Not rotating sources
 - (4) Purchases above \$3,000 not against a legally executed contract.

- (b) Individual purchases must be for a purpose allowable under an organization's appropriations or other sources of funds and must not otherwise be prohibited by law. Organizations may use appropriated funds only for legitimate or bona fide needs that arise in or continue to exist in the fiscal year(s) for which those funds are appropriated. Agencies are restricted to purchasing only those items that will be used during such fiscal year(s), except when they qualify under certain categories, such as to maintain inventories of necessary items at reasonable levels. However, agencies generally may not purchase items in excessive amounts at the end of the fiscal year in order to solely avoid the expiration of funds. If you are unsure whether a purchase meets a legitimate and bona fide need, please contact the NCRCC Purchase Card Branch prior to making the purchase.
3. Understanding what constitutes an authorized purchase card transaction. Whether supplies or services are authorized by law depends on three criteria: (1) The purpose of the purchase, (2) The obligation must occur within the time limits applicable to the appropriation, and (3) The obligation and expenditure must be within the amounts Congress has established. Thus, there are three elements to the concept of availability: purpose, time, and amount. All three must be observed for the obligation or expenditure to be legal. An authorized transaction is one that is lawful and meets a bona fide and minimum legitimate government need at a fair and reasonable price. An authorized purchase card transaction is one that satisfies the five criteria listed below:
- (a) **Lawful:**
- (1) Card usage is for purchases that are authorized by law or regulation.
 - (2) Lawful only if it would be lawful using conventional procurement methods.
 - (3) Appropriations shall only be applied to the objects for which the appropriations were made.
 - (4) Appropriated funds may only be used to purchase items for official purposes, and may not be used to acquire items for the personal benefit of a government employee.
 - (5) Funding must be available at the time of the purchase to preclude an Anti-Deficiency Act violation.
- (b) **Necessary Expense Rule (Legitimate Government Need):**
- (1) Necessary and reasonable expense: One that arises out of and is directly related to the agency mission and achieves an authorized objective.
 - (2) The necessary expense test is that the expenditure:
 - i. Must bear a logical relationship to the purpose for which appropriation or fund is made available to the agency
 - ii. Must not be prohibited by law
 - iii. Must not otherwise be provided for (i.e., we aren't required to use another fund or mandatory supplies source).

- (c) **Bona Fide Need:**

- (1) The appropriation is available only for the needs of the current year.
- (2) The bona fide needs rule does not prevent maintaining a legitimate inventory at reasonable and historical levels, the "need" being to maintain the inventory level to avoid disruption of operations.
- (3) Problems arise when the inventory crosses the line from reasonable to excessive.
- (d) **Minimum Needs of the Government:** Normally, the responsibility for describing government needs rest with the technical experts and the requiring activity. FAR 11.002(a) requires that agencies describe Government needs in a manner designed to:
 - (1) Promote full and open competition, with due regard to the nature of the supplies or services to be acquired; and,
 - (2) Only include restrictive provisions or conditions to the extent necessary to satisfy the minimum needs of the agency or as authorized by law.
- (e) **Fair and Reasonable Price:**
 - (1) A fair and reasonable price is a price that is fair to both parties, considering the agreed-upon conditions, promised quality, and timeliness of performance/delivery.
 - (2) Prices are affected by factors that include, but are not limited to, speed of delivery, length and extent of warranty, limitations of seller's liability, quantities ordered, length of the performance period, and specific performance requirements.
 - (3) The cardholder (CH) must ensure that contract terms, conditions and prices are commensurate with the Government's need.
 - (4) Micro-purchases may be awarded without soliciting competitive quotations if the CH considers the price to be reasonable.
 - (5) Action to verify price reasonableness need only be taken if –
 - i. You suspect or have information to indicate that the price may not be reasonable (e.g., comparison to the previous price paid or personal knowledge of the supply or service); or,
 - ii. Purchasing a supply or service for which no comparable pricing information is readily available (e.g., a supply or service that is not the same as, or is not similar to, other supplies or services that have recently been purchased on a competitive basis).

4. The organization's operations and programs.

In order to review the internal control activities of an organization one must gain a thorough understanding of:

- (a) The organization's mission activities and operations;
- (b) The nature and size of the overall operations;

- (c) What the individual activities involved in the purchase card program do, and how they do it;
- (d) The general job description, level of education, and number of personnel in those activities;
- (e) The volume and appropriate type(s) of purchase activity to expect;
- (f) Its purchase card program operations and end-to-end flow of transactions;
- (g) The extent to which control activities are in place and operating;
- (h) The environment in which those controls operate;
- (i) The overall managerial organization and operations of the program;
- (j) The flow of purchase card transactions;
- (k) The system of internal controls in place; and,
- (l) The environment in which the control activities operate.

b. INTERNAL CONTROL STANDARDS

1. **The Control Environment.** A positive control environment is the foundation for all other internal control standards. A positive control environment is established by management and employees creating and maintaining an environment throughout the organization that sets a positive and supportive attitude toward internal control and conscientious management. The key elements of the control environment are discussed below.
 - (a) **Management's philosophy (tone at the top).** Management's philosophy and operating style determine the degree of risk the organization is willing to take in operations and programs, and it has a profound effect on internal control. Management and employees should establish and maintain an environment throughout the organization that sets a positive and supportive attitude toward internal control and conscientious management. A positive control environment is the foundation for all other standards. It provides discipline and structure as well as the climate which influences the quality of internal control. Management has a key role in demonstrating and maintaining an organization's integrity and ethical values, especially in setting and maintaining the organization's ethical tone, providing guidance for proper behavior, and removing temptations for unethical behavior. Management must identify and implement the appropriate program operating procedures needed to address the risks and direct their implementation.
 - (b) **Span of control.** Span of control refers to the extent of review responsibilities placed on a single billing official (BO) for the purchase card transactions of one or more CHs. An appropriate span of control must efficiently and effectively allow the BO to provide reasonable assurance they can effectively perform their responsibilities. In establishing an appropriate span of control you should consider the number of CHs assigned, the number and complexity of purchase card transactions being reviewed each billing period, and demands of other responsibilities assigned to the BO. The total number of authorized CHs, their single transaction and monthly purchase limits, and the BO purchase limits directly affect the financial responsibility of the individuals involved and the extent of potential loss to the organization. The maximum span of control for CH **accounts** per BO is 7:1. Exceptions will not be granted.

- (c) **Financial exposure.** Financial exposure can become excessive when management does not exercise judgment and restraint in issuing purchase cards and in determining single purchase and monthly purchase limits. Purchase cards should be issued in controlled limited quantities to government employees with a legitimate need to have the card. The APC along with the BO and resource manager determine the appropriate spending limit authorization controls. These authorization controls are imposed to control spending and to support a system of funds controls in accordance with available funding. Single and monthly purchase limits should be established based on the expected monthly purchases of the CH reasonably necessary to carry out their operational requirements. Policies and procedures that address controlling cardholders' spending limits must be implemented. Each cardholder needs to have the maximum transaction or monthly limit and that reasonable limit must be based on what the person needs to buy. The limits must be based on an analysis of individual cardholders' needs or past spending patterns. Monthly limits must not be based on anticipated peak spending to avoid possible limit changes. Limits that are higher than justified by the cardholder's authorized and expected usage unnecessarily increase the government's exposure to potentially fraudulent, improper, and abusive purchases. Credit limits for inactive accounts should be reduced to \$1.00.
- (d) **Training.** Management should identify the appropriate knowledge and skills needed, require the needed training, and maintain documentation evidencing that required training is current for all personnel. The certificates/record of training should clearly show the type of training received, that the training was relevant to the purchase card program, that the training was appropriate to the level of authorized spending and program authority of the individual, the signature of the CH and the instructor, that the date of initial training is prior to purchase card account activation, and/or that the date of refresher training is within the required period. Centralized training records should provide detailed information similar to the above and be available for review to monitor adherence to program training requirements.
- (e) **Discipline.** Candid and constructive counseling, performance appraisals and discipline can provide reinforcement of the system of internal control. Internal control policies and procedures should identify the specific actions or lack of adherence to internal control within the purchase card program that warrant counseling and/or discipline. Constructive counseling may be provided to CHs and BOs in response to isolated instances of a lack of adherence to internal control policies, procedures, and activities. Disciplinary action may be taken in response to recurring and/or persistent lack of adherence to internal controls, and specific consequences for improper and abusive purchases should be adopted as part of the system for internal control. Such consequences can vary with the severity and persistence of the policy violation, and might include formal and informal reprimands, suspension or cancellation of the purchase card account, termination of employment, and referral to investigative authorities in cases of suspected fraud. Instances that warrant discipline should be documented and included in personnel files.
- (f) **Purchasing and reviewing authorities.** Purchasing authority establishes a CH's authority to possess and use a GPC and establishes their purchase limits. Authority is also established for BOs to review and authorize payment of CH accounts. BO authority should identify the specific CH(s) for which review and certification responsibilities have been assigned, and the BO's purchase limits should relate to the total cumulative monthly purchasing limits of the CHs assigned to them. Transactions must be authorized and executed only by persons acting within the scope of their authority. This is the principal means of assuring that only valid transactions to exchange, transfer, use, or commit resources and other events are initiated or entered into.

2. **Control activities.** Control activities are the policies, procedures, techniques and mechanisms that enforce management's directives and help ensure that actions are taken to address risks. Control activities are established to ensure that all transactions that are entered into are authorized and executed only by employees acting within the scope of their authority. Control activities include approvals, authorizations, verifications, reconciliations, reviews, and the creation and maintenance of related records that provide evidence of execution of these activities. These key transaction level control activities should be included in your assessment of the adequacy of the design of your control activities.
- (a) **The determination of a legitimate government need.** Determination of a legitimate government need provides reasonable assurance to the organization that its resources are not being wasted. A legitimate need for the goods or service being acquired should be determined before a purchase is made. Pre-purchase requests or other authorization prepared by a supervisor, or prepared by operations personnel and signed by a supervisor, can provide the CH with documentation of a legitimate government need. Evidence determining the legitimate government need may include a pre-purchase request or authorization in writing, written blanket authorization for small routine purchases (e.g., office supplies), written justification by the CH or other program personnel of the government need for the purchase, and other required documentation for specifically controlled or restricted purchases. The reasonableness of the legitimate government need determination will be evaluated based on the date of government need determination compared to the date of the purchase, whether the purchased item is included on the organization's prohibited or restricted list, and whether the item purchased on the vendor invoice compares to the item for which a need was determined. Any employee such as a supervisor or manager must not exert pressure upon a CH to force the CH to execute a purchase transaction in a manner not consistent with purchase card guidelines. The key element regarding undue pressure or influence is that the influence was so great that the CH had lost the ability to exercise his/her judgment and could not refuse to give in to the pressure. Pressure from a supervisor does not constitute a legitimate government need. If you have questions regarding the determination of a legitimate government need, contact the NCRCC Purchase Card Branch.
- (b) **Market Research and Description of Agency Need.** Conduct market research appropriate to the circumstances. Market research is an essential element of building an effective strategy for the acquisition of commercial items and establishes the foundation for the agency description of need. The description of agency need must contain sufficient detail for potential offerors of commercial items to know which commercial products or services may be suitable. Generally, describe the type of product or service to be acquired and explain how the agency intends to use the product or service in terms of function to be performed, performance requirement or essential physical characteristics. Describing the agency's needs in these terms allows offerors to propose methods that will best meet the needs of the Government.
- (c) **Screening for mandatory sources of supply.** Screening for required vendors provides the organization with reasonable assurance of compliance with laws and regulations related to mandatory sources of supplies and services. Chapter 11 provides the priority of sources of supplies and services. Organizations should also be aware of other laws, regulations, contractual agreements, and policies and procedures, which direct the organization to acquire supplies and services from sources such the Army. The Office of the Assistant Secretary of the Army for Acquisition, Logistics, and Technology memorandum, dated September 13, 2004, states that for all Army purchases of office products they must made against the mandatory BPA's and all orders must be placed through the DoD Electronic Mall. The memo also documents limited exceptions which generally have to do with practicality and availability. Documentation evidencing screening for mandatory vendors should be obtained and reviewed as well as any waivers or other documentation of the

applicability of exceptions made to the required sources of supply. DoD Email is an official U.S. Government information technology interface to facilitate the procurement of goods and services by authorized personnel. These goods and services are to be procured for official Government related purposes only.

- (d) **Independent receipt and acceptance.** A government employee, other than the cardholder, is required to provide receipt and acceptance of supplies and services. This provides reasonable assurance that the organization actually received what it is paying for. The inclusion of independence in the receipt and acceptance activity significantly strengthens the control by adding separation of duties to the activity. The CH is responsible for:
- Verifying that independent receipt and acceptance has occurred.
 - Documentation evidencing independent receipt and acceptance for each transaction would be a signature on the vendor invoice, receipt or shipping document, or a warehouse receipt for goods and services provided.
 - When documenting the receipt and acceptance, a comparison must be made between the receiving document item description and quantity and the actual items received, noting any discrepancies.
 - Compare the requirement for the items ordered to the items actually received and invoiced.
 - A blanket statement saying you have received all the items each month is a breakdown of the internal controls in place and does not constitute independent receipt and acceptance.
 - Each purchase transaction must be independently received and accepted.
 - Cardholders must not be the person accepting items they have ordered.
- (e) **Establishing accountability over certain property.** Physical control and accountability over pilferable and other vulnerable property acquired by the purchase card provides reasonable assurance to the organization that pilferable property (e.g., an item that is portable and can be easily converted to personal use) is appropriately recorded and asset-safeguarding control is established at the time of purchase and receipt. Control activities required of the CH include identifying the pilferable property requiring asset control, notifying appropriate property book officer within the organization, and supplying the information required to establish a record in the property control system. Documentation evidencing performance of this activity includes the CH's notification of pilferable property submitted to property control system personnel and the property control system records. Independent verification that the accountable property is in the possession of the government will be the responsibility of the Property Book Officer (PBO).
- (f) **Cardholder reconciliation.** CH reconciliation provides the organization with reasonable assurance that all transactions appearing on the CH's statement are appropriate charges for goods and services purchased for and received by the organization. CH reconciliation is the process of the CH gathering, reviewing and providing the documentation to support that each purchase transaction appearing on their statement is an appropriate, legitimate government purchase. The CH is responsible for identifying purchase card transactions that are unauthorized or that otherwise should not be paid by the government. The CH should promptly dispute unauthorized charges appearing in their statement with the bank service provider.

Documentation evidencing performance of CH reconciliation includes the CH's signature on their monthly statement and notations (e.g., tick marks, system notes) on their monthly statement, or their approval of individual transactions in Access Online (AXOL). The cardholder statement must be approved and submitted to the BO early enough to permit the billing office to process and pay the consolidated monthly invoice within the Prompt Payment Act deadline. If the statement is correct, the Cardholder approves it within three business days from the end of the billing cycle.

- (g) **Billing Official review/certification.** BO review of the CH's reconciliation process provides reasonable assurance to the organization that the CH is timely and appropriately performing the reconciliation and is complying with all significant relevant controls to prevent or detect fraudulent, improper, and abusive purchases. The BO is responsible for reviewing the cardholder statement(s), authorizing cardholder purchases, and ensuring the monthly invoice is reconciled and submitted to the designated billing office on time. The review provides a basis for the BO to accept responsibility that the purchases are appropriate, legitimate government purchases before the billing statement is certified for payment. The BO review, a critical control activity in a Government Purchase Card program, should include a review of the CH reconciliation for timeliness and completeness, and for the appropriateness of the supporting documentation for individual transactions. Documentation evidencing performance of the BO review is the BO's signature on the billing statement or certification for payment in AXOL. The BO must certify the monthly invoice even if all cardholder statements are not received. The BO must certify the monthly invoice even if no transactions occurred for that monthly invoice. If the monthly invoice is correct, following the BO's review, certification of the monthly invoice is done within five business days. The Army has adopted a policy of certifying invoices for payment before all purchased items may have been received. This procedure has been called **"Pay and Confirm."** Each Billing Official will establish a system to flag and track all transactions that have been certified for payment without proof of receipt and acceptance. This procedure will ensure that all transactions have been reconciled and approved for payment, and will have receipt verified no later than 45 days after the date of the original invoice. If receipt and acceptance cannot be verified, the Cardholder shall protect the Government's rights by disputing the transaction.
- (h) **Advance approval of purchases.** Advance approval ensures budget and funds control, as well as establishing a valid need for a purchase, so cardholders are not acting totally independently. Approval of a purchase can range from a blanket approval for routine small dollar purchases of items such as consumable office supplies to a one-time written approval for specific large dollar items. Advance approval must be provided by the Billing Official using the NCRCC Pre-Approval Form. In absence of the billing official the alternate billing official can act in official capacity. Leaving cardholders solely responsible for procurement without some type of documented approval puts the cardholders at risk and makes the government inappropriately vulnerable. A segregation of duties so that someone other than the cardholder is involved in the purchase improves the likelihood that both the cardholders and the government are protected from fraud, waste, and abuse. Blanket approval for routine purchases within set dollar limits involves minimal cost, but reasonable control.
- (i) **Succession Planning:** Management should ensure skill needs are continually assessed and that the organization is able to obtain a workforce that has the required skills that match those necessary to achieve organizational goals. As a part of its human capital planning, management should also consider how best to retain valuable employees, plan for their eventual succession, and ensure continuity of needed skills and abilities. Given the risks associated with purchase card program management, it is imperative that agencies have sufficient numbers of qualified, experienced purchase card personnel and agency program coordinators, and that their grade levels be

commensurate with their responsibilities. Agencies must ensure the organizational culture supports the goals and responsibilities of the program. The purchase card programs within their organizations must be properly structured and managers at all levels devote the necessary attention and resources to the program to ensure success. Inadequate management understanding of the time required carrying out these duties fully and inadequate management oversight may result in officials being unable to fulfill their responsibilities. This is especially true for APCs, who provide oversight of the organizations' purchase card programs, and billing officials, who provide direct oversight of cardholders. Yet, if the function is understaffed, all of the necessary tasks cannot be effectively carried out. Officials should only nominate individuals who have demonstrated responsibility and possess the required business acumen to be entrusted with a GPC. A GPC will be issued only as mission requirements warrant and only those personnel with a continuing need to use the GPC will be appointed as cardholders. Only DoD civilian employees and military personnel may be issued a GPC or be appointed a BO.

- (j) **File Retention:** The documents that must be retained in the file include (1) the BO statement, (2) the Cardholder statement, and (3) all original receipts and documentation for those statements. In accordance with the DoD FMR, Volume 1, certified billing statements and supporting documents will be retained for six years and three months after final payment. The BO will maintain these records until they are transferred to a records holding area. However, if you are performing electronic certifications, you may rely on the servicing bank recordkeeping for the BO and CH statements. The servicing bank will maintain the statements for two years, then archive in a records holding area. Original records are the property of the U.S. Government and may not be removed from government control by the BO for any reason. In addition, Level IV APCs shall retain file documentation for appointed CHs and BOs. As a minimum, this documentation shall consist of:

- (1) Letter of GPC delegation (Cardholder or Billing Official)
- (2) Ethics certification (if applicable)
- (3) Required training certifications
- (4) Review reports and Corrective Action Plans (if applicable)

3. **Identifying Fraudulent, Improper and Abusive Purchases:** Designing and conducting procedures specifically for the purpose of detecting such transactions serve multiple purposes, including the potential discovery of a previously unrecognized risk in the program. Repeated non-adherence to established internal control policies and procedures, such as inadequate documentation of purchase card transactions or supervisory reviews, if allowed to continue, would contribute to erosion and weakening of the control system. Prompt administrative and disciplinary actions can be effective in reducing persistent lack of adherence to policies and procedures by CHs and other program officials. The definitions below define some actions that have been identified with fraudulent, questionable, improper, and abusive purchases.

- (a) **Fraudulent purchases:** Fraudulent purchases occur when the card is used to acquire goods or services that are unauthorized and intended for personal use or gain, which constitutes a fraud against the government.
- (b) **Questionable purchases:** Questionable purchases are those that appear to be improper or abusive but for which there is insufficient documentation to conclude either. Questionable purchases may appear

unreasonable and subject the government to criticism. These questionable purchases require a higher level of pre-purchase review and documentation. Abuse occurs when the conduct of a government organization, program, activity, or function falls short of societal expectations of prudent behavior. Every purchase must be reviewed and approved as a valid requirement of the agency. Determination of mission-essential need is a prerequisite for any purchase. Any questionable transaction must obtain a higher level of written documentation for justification. Questionable need issues arise when:

- Conduct falls short of societal expectations of prudent behavior.
 - There are adverse perceptions regarding stewardship of the taxpayer dollars.
 - Costs are excessive.
 - There is no reasonable or documented justification.
 - There is insufficient documentation to support the legitimate or bona-fide need.
 - Approvals to justify and permit a determination that the purchases were not improper or abusive are missing.
- (c) **Improper purchases:** Transactions that are intended for government use, but are not permitted by law, regulation or organization policy. (e.g., does not serve a legitimate government purpose, split purchases, improper source. Not purchasing from designated sources, such as ABILITY ONE, constitutes an improper source.
- (d) **Abusive purchases:** Purchases of authorized goods or services, at terms (e.g., price, quantity) that are excessive, or are for a questionable government need, or both, are considered abusive.
- (e) **Split purchase:** Split purchases occur when a cardholder splits a known requirement at the time of the purchase into several transactions to avoid competitive bids for purchases over the \$3,000 micro purchase threshold or to avoid other established credit limits. The FAR prohibits splitting purchases into more than one transaction. When a known requirement exceeds \$3,000, it must be purchased through a contract using simplified acquisition procedures. Making repetitive micro-purchases to meet requirements that, in total, greatly exceed the micro purchase limit constitutes using an inappropriate procurement method and doesn't allow the government to take advantage of other procurement methods designed to foster lower prices for repetitive acquisitions of similar items over an extended period. While some repetitive purchases might not clearly be split purchases, a cardholder is not taking advantage of the proper procurement method, such as a BPA, designed to foster lower prices.
- (f) **Personal use purchase:** Under 31 U.S.C. 1301 (a), "appropriations shall only be applied to the objects for which the appropriations were made..." In the absence of specific statutory authority, appropriated funds may only be used to purchase items for official purposes, and may not be used to acquire items for an employee's personal benefit.
- (g) **Theft:** Theft involves property, facilities and services. Purchase of goods or services for personal use or gain is theft. Theft also occurs when an unauthorized user compromises a CH's account by gaining knowledge of and using the purchase card account number.
- (h) **Fictitious transactions:** Fictitious transactions occur when a CH supports the acquisition of goods or services for personal use with false documentation, or a vendor bills the government for goods or services never received. Fictitious transactions also include collusion.

- (i) **Kickbacks:** Kickbacks may include collusion between a CH and a vendor. The CH makes authorized purchases from the vendor, who charges the government an excessive price and “kicks back” a percentage of the amounts received to the CH.
 - (j) **Conflict of interest:** Conflicts of interest occur when a government official participates in approving or deciding a matter in which the official or their relative has a financial interest.
 - (k) **Use of Third Party Payments:** The use of third party payments is not allowed under any circumstances. (Ex.: Pay Pal®)
 - (l) **Data mining:** Data mining is the act of searching or “mining” data to identify transactions or patterns of activity exhibiting predetermined characteristics, associations, or sequences, and anomalies between different pieces of information. Data mining produces leads for follow-up by investigators. Data mining serves as a deterrent to fraud, improper and abusive purchases; provides additional evidence of significant instances of noncompliance with laws and regulations; identifies a lack of adherence to internal control policies and procedures; uncovers unrecognized or under-appreciated risk in the purchase card program; provides motivation for meaningful management change; and helps identify the overall effectiveness of the internal control system in place.
4. The areas identified below have a high risk for potential fraudulent, improper and abusive purchases.
- (a) **Questionable vendors:** Vendors who sell goods or services that generally are not considered to meet a legitimate government need, or which are restricted or prohibited by law, regulation or policy. Examples include:
 - (1) Restaurants
 - (2) Grocery stores
 - (3) Casinos
 - (4) Clothing or luggage stores
 - (5) Home furnishings
 - (6) Escort services
 - (7) Automobile dealers
 - (8) Vendors by name
 - (9) Inaccurate Vendor MCC: Vendors may circumvent this control by providing false or misleading information and obtaining a MCC code intended to disguise the types of goods or services provided by the vendor.
 - (10) Jewelry store
 - (11) Video store

(b) **Weekend and holiday purchases**

(c) **Split purchases which include, but are not limited to the following:**

- (1) The transactions are with the same vendor;
- (2) The transaction dates are on the same day;
- (3) The transactions total in excess of \$3,000; and,
- (4) The transactions are by the same CH or activity.

(d) **Transactions of unusual amounts or relationships:**

- (1) Frequent amounts with the same vendor just under the micro-purchase threshold;
- (2) Multiple transactions for the same amount which may indicate intentional or unintentional duplicate billings for the same goods or services.

(e) **Year end spending:**

- (1) Purchases for which there is not a legitimate government need;
- (2) Purchase card transactions that exceed their monthly purchase limits.

(f) **Purchase card transactions by vendor:**

- (1) The number of CHs making acquisitions with a vendor;
- (2) The number of transactions with a vendor; and,
- (3) The dollar volume of transactions with a vendor

(g) **CHs and/or their BOs considered to have suspicious activities**

c. **MANAGEMENT'S RISK ASSESSMENT**

Supervisors and managers of BOs and CHs have a management responsibility to provide the proper oversight to ensure the internal controls of their purchase card program are being carried out and adhered to as outlined below. Internal control should provide for an assessment of the risks the organization faces from both external and internal sources, and identify and deal with any special risks prompted by changes in economic, industry, regulatory and operating conditions. In assessing the adequacy of the design of control activities, does the existing internal control policies, procedures, and activities provide management with reasonable assurance that significant fraudulent, improper and abusive purchases will be prevented or promptly detected? Considering the overall control environment, you should make a critical comparison of the risk/opportunities for fraudulent, improper, and abusive purchases and the internal control policies, procedures, and activities designed to guard against them.

Management controls should provide reasonable assurance that systemic weaknesses are noted, that management controls are in place, operating effectively, and being used.

References:

- OMB Circular No. A-123 “Management’s Responsibility for Internal Control” – 2009
- DoD Directive 5010.38 “Management Control Program” – 26 Aug 96
- DoD Directive 5010.40 “Management Control Procedures” – 28 Aug 96
- Federal Managers’ Financial Integrity Act of 1982

The OMB guidelines were issued in consultation with the Comptroller General of the United States, as required by the “Federal Managers’ Financial Integrity Act of 1982”

The objectives of the system of internal accounting and administrative control of your activity are to provide reasonable assurance that:

- The obligations and costs are in compliance with applicable laws;
- Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and,
- Revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of reliable accounting, financial and statistical reports and to maintain accountability over the assets.

The evaluation of management controls extends to every responsibility and activity undertaken by your activity and applies to financial, administrative, and operational controls. The concept of reasonable assurance recognizes that:

- The cost of management controls should not exceed the benefits expected to be derived.
- The benefits include reducing the risk associated with failing to achieve the stated objectives.
- Errors or irregularities may occur and not be detected because of inherent limitations in any system of internal accounting and administrative control, including limitations resulting from resource constraints, congressional restrictions, and other factors.
- Projection of any system evaluation to future periods is subject to risk that procedures may be inadequate because of changes in conditions, or that the degree of compliance with procedures may deteriorate.

Understanding internal controls assists employees in their stewardship role in achieving Government Purchase Card program objectives. Internal control is a process designed to provide reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. This understanding provides an additional reference tool for all employees to identify and assess operating controls, financial reporting, and legal/regulatory compliance processes and to take action to strengthen controls where needed. Over time, controls may be expected to change to reflect changes

in the operating environment. In order to achieve a balance between risk and controls, internal controls should be proactive, value-added, cost-effective, and address exposure to risk.

d. INFORMATION AND COMMUNICATION

Information should be recorded and communicated to Government Purchase Card personnel who need it in a form and within a time frame that enables them to carry out their internal control and other responsibilities. Information and communication will be provided via various media, such as written policy and procedures, reviews, quarterly purchase card newsletter, training in person and on-line, e-mail, or by contacting your Agency Program Coordinator for questions and answers. Information should be provided to you timely and in a form that enables you to carry out your responsibilities within the purchase card program. Please feel free to contact us at any time to answer any of your questions regarding a purchase or your purchase card program requirements.

e. MONITORING

Ongoing monitoring of actions people take in performing their duties should be performed continually and ingrained in the course of normal operations. Internal control monitoring efforts will require reviewing performance of your purchase card program. Reviewing your performance requires gaining necessary understandings, preliminarily assessing the adequacy of your designed control activities, testing your adherence to the policies and procedures and identifying any fraudulent, improper or abusive purchases. Agency internal control monitoring assesses the quality of performance over time. It does this by putting procedures in place to monitor internal control on an ongoing basis as a part of the process of carrying out its regular activities. It includes ensuring that managers and supervisors know their responsibilities for internal control and the need to make internal control monitoring part of their regular operating processes. Ongoing monitoring occurs during normal operations and includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. Each agency must ensure they have the sufficient infrastructure in place for effective monitoring. Each agency must assess the adequacy of human capital resources and properly allocate the needed resources to the purchase card program to enable the purchase card operations to be consistently, efficiently and effectively managed in compliance with current laws, regulations, policies, and procedures.

1. Purchase Card Reviews. Purchase card reviews will be performed by NCRCC once each fiscal year on all purchase card accounts, and convenience check reviews will be performed quarterly each fiscal year. See Chapter 9.
2. Follow-up and Investigation. This refers to documentation beyond those generally necessary to test for adherence to internal control policies or performance of control activities. Our internal review office or other investigative bodies will perform the follow-up and investigation. Detected or selected potentially fraudulent transactions should always be submitted to follow-up procedures. The conduct of follow-up procedures utilizes forensic techniques and increased scrutiny of the documentation, facts and circumstances surrounding the transactions. In the instance of fraudulent purchase card transactions, the follow-up process is designed to support a subsequent criminal investigation. If at any time during the follow-up process, the auditor's professional judgment is that a transaction is likely fraudulent, referral of the transaction or case should be made to the appropriate federal criminal investigative body.

Chapter

11

11. MANDATORY SOURCES

Federal Acquisition Regulation (FAR) Part 8 lists mandatory sources for supplies to be considered before an open market source can be considered. **Agencies shall satisfy ALL requirements for supplies and services from or through the sources and publications listed below in descending order of priority provided below.**

a. SUPPLIES

1. Agencies' inventories;
2. Excess from other agencies (see Subpart 8.1);
3. Federal Prison Industries, Inc. (see Subpart 8.6);
4. Supplies which are on the procurement list maintained by the Committee for Purchase From People Who Are Blind or Severely Disabled (see Subpart 8.7);
5. Wholesale supply sources, such as stock programs of the General Services Administration (GSA) (see 41 CFR 101-26.3), the Defense Logistics Agency (see 41 CFR 101-26.6), the Department of Veterans Affairs (see 41 CFR 101-26.704), and military inventory control points;
6. Mandatory Federal Supply Schedules (see Subpart 8.4);
7. Optional-use Federal Supply Schedules (see Subpart 8.4); and,
8. Commercial sources (including educational and nonprofit institutions).

b. SERVICES

1. Services which are on the procurement list maintained by the Committee for Purchase From People Who Are Blind or Severely Disabled (see Subpart 8.7);
2. Mandatory Federal Supply Schedules (see Subpart 8.4);
3. Optional-use Federal Supply Schedules (see Subpart 8.4); and,
4. Federal Prison Industries, Inc. (see Subpart 8.6), or commercial sources (including educational and nonprofit institutions).

c. UNICOR

1. For micro-purchases, FAR Part 8.6 provides that UNICOR waivers are no longer required if the agency makes a comparability determination and decides that the product is not comparable in terms of price, quantity, or time of delivery, and then competes the acquisition. However, if the agency makes a comparability determination and decides that the UNICOR product is comparable, a waiver is required if the agency wants to buy from another source. The written determination of supporting rationale that explains the assessment of price, quality, and time of delivery must be included in the CH's purchase file.
2. UNICOR has long been known to specialize in making furniture for the Federal government. However, the Metal and Wood Products Division is actually just one of four divisions of UNICOR. Other divisions include data/graphics, textile and leather, and electronics/plastics/optics. The products made by these divisions are listed in a UNICOR catalog, *Schedule of Products made in Federal Penal and Correctional Institutions*. All items listed in the catalog conform to federal specifications and are sold only to departments and activities of the Federal government. UNICOR items are available through GSA and identified by Federal Supply Service stock numbers.

If you are required to obtain a waiver, request it on-line. Upon receipt, UNICOR will review your request for completeness, assign a tracking identification number and evaluate it based upon the terms vs. UNICOR's ability to meet them. You can request a waiver or the status of a waiver at: UNICOR WAIVER. The waiver can usually be obtained within 1-1/2 days by requesting it on-line. If your waiver request contains more than 10 items, please fax it to the UNICOR Customer Service Center (Waiver Processing) at 859-254-9390. For the status, contact them directly by phone at 800-827-3168.

d. ABILITY ONE PROGRAM

1. The Ability One program (formerly known as the JWOD Program) is a unique Federal procurement program that generates employment and training opportunities for people who are blind or have other severe disabilities. The ABILITY ONE Program is a mandatory source of supply (FAR Part 8.7 and 41 U.S.C. 46-48c).
2. The Committee for Purchase from People Who Are Blind or Disabled is an independent Federal agency responsible for administering the ABILITY ONE Program. National Industries for the Blind (NIB) and NISH (serving people with a wide range of disabilities) assist participating nonprofit agencies with contract, marketing and other technical assistance.
3. There are extensive varieties of supplies and services available from NIB and NISH.

(a) Supplies include:

- (1) Office supplies, such as envelopes, paper, pencils, pens, stamp pads, mops, and steno notebooks;
- (2) Non-office supplies, such as disinfectants, picture frames, time management systems, flashlights, glass cleaner and stepladders.

NOTE: Products that compete with ABILITY ONE products are unauthorized. Examples of this include Franklin Covey® planners. Franklin Covey® is a commercial source. You must purchase from required sources before considering any commercial sources.

- (b) Services include: administrative services, audiocassette reproduction, data-entry, painting, textile repair, laundry, and computer services.

4. Purchasing under the ABILITY ONE Program:

(a) By Internet:

- (1) www.abilityone.gov
- (2) GSA Advantage at www.gsaadvantage.gov
- (3) DoD EMALL at <https://DoD-email.dla.mil>

Note: The above are great market research tools to verify price reasonableness and obtain competition.

(b) By Phone or Fax:

- (1) For more information on placing orders under the Ability One Program, contact Eric Beale at 703-603-2119 or ebeale@abilityone.gov.

- (2) GSA Customer Supply Center: 800-525-8027 or fax 800-856-7057.

(c) For Authorized Commercial Distributors: For a list of the ABILITY ONE Program's authorized distributors visit <http://www.abilityone.gov/distrib.html>.

(d) At Selected Military Installations:

- (1) Self-Service Supply Center (SSSC) stores).
- (2) Base Supply Centers or SERVMARTs <http://www.abilityone.gov/documents/2008/Distribute/bsc-list.pdf>.

5. ABILITY ONE Services are handled on a location-specific basis with each contracting office or customer. Please call the Committee staff, NIB or NISH or visit the web sites below for more information about service capabilities.

- (a) SKILCRAFT. Products may be ordered through a variety of different distributors. These distributors accept the Government Purchase Card for payment. Use any of the following distribution methods below to purchase your SKILCRAFT products. For more information on purchasing SKILCRAFT products, call NIB 800-433-2304 or e-mail to communications@nib.org.
- (b) GSA Schedule 75II A, Office Products and Services. Due to a reorganization of office supply schedules and in order to better serve the customers, the 75IIIA, Next Day Desktop Delivery of Office Supplies, has been merged with the 75IIA, Office Products and Services. Under this schedule you can receive next day desktop delivery of office supplies that meet all of your ABILITY ONE Program requirements. For more information, visit <http://www.gsa.gov/schedule75> or order online at www.gsaadvantage.gov.
- (c) Military Base Supply Centers, Self-Service Supply Centers and SERVMARTs are operated by NIB-Associated Agencies at military locations throughout the country. Call NIB Customer Service at 800-433-2304 for the location nearest you.
- (d) CHs may make recommendations at any time to the Committee for price revisions on supplies and or services identified in the "[Procurement List](#)". The Committee can be reached at 703-603-7740 or their web page is <http://www.ABILITYONE.gov>.

e. ARMY BPAs FOR OFFICE SUPPLIES

1. Army CHs – All product ordering will use the following priority:
 - (a) If you have a local self-service supply (also called Industry for the Blind stores) you will purchase items from them first.
 - (b) If you don't have a local self-service supply store or they don't have the product to meet your agency requirement you MUST UTILIZE the Army BPA's for your purchase of office products.
 - (c) The BPA vendors are required to ship Ability One items first and to substitute Ability One products for the commercial products. The Ability One symbol is clearly shown with the online tool. You are required to search for the Ability One symbol.
 - (d) Vendors on the Army BPA list are both large and small. You are encouraged to give preference to the small businesses on the list when possible. To be in compliance remember the following::
 - (1) YOU cannot shop at the local store of the BPA contractor.
 - (2) You cannot use the contracts on GSA Advantage unless the item cannot be obtained on the Army BPA's.
 - (3) Plan your purchases to maximize usage of the Army BPA's.
 - (4) If you have a problem with the DoD Email website, contact the DoD Email Help Desk – 888-352-9333 – option 2 or email them at DoD-EmailSupport@Dliss.DLA.mil.
2. Here is a listing of the Industries for the Blind Federal Supply Stores within the NCR.

Hoffman II 200 Stovall St(RmGS20) Alexandria, VA 703-325-9185	Presidential Towers 2511 S. Clark St., Suite 1600 Arlington, VA 703-607-5556	Jefferson Plaza I 1411 Jefferson Davis Hwy (Suite 90) Arlington, VA 703-601-2187
Pentagon Room 1E641A 703-697-1587	Rosslyn 1401 Wilson Blvd Room B-2 703-696-0053	Fort Belvoir 9819 Dalrymple Rd, Bldg 708 703-781-3029

3. **A third generation of Army Office Supply BPA's are now available. Army CHs are required to use the following BPA vendors on the DoD E-Mail to obtain ALL Army office supplies.** The new Army BPA's were awarded 29 July 2010. All BPA holders are small business Ability One producers or distributors and will substitute an Ability One product for a non Ability One purchase request when available. Each BPA contains a base year with 4 one year option periods. The DoD Email website is at <http://www.emall.dla.mil>. The following is a list of the authorized Army BPA distributors on DoD Email:

OFFICE SUPPLIES

- (a) National Industry for the Blind
- (b) Sita Business Systems

- (c) ASAP Business Solutions
- (d) IMPAC Computer Supplies
- (e) Axiscore LLC
- (f) Noble Sales Co
- (g) Chesapeake Office Supply
- (h) Future Solutions
- (i) Millers Office Products
- (j) ABM Federal Sales
- (k) Amerisys
- (l) Capitol Supply
- (m) VIP Office Furniture Supply
- (n) Sun Supply
- (o) The Office Group
- (p) Rudolph's Office and Computer Supply
- (q) Premier & Companies
- (r) Minton-Jones
- (s) Adams Marketing
- (t) Kpaul Properties

INK and Toners

- (u) American Office Advantage
- (v) Wecsys
- (w) Tantaquidgeon Office Supply
- (x) ASE Direct
- (y) Independent Stationers
- (z) Metro Office Products
- (aa) Coast to Coast Computer Products
- (bb) Kpaul Properties

- f. GSA has awarded office supply BPA's for all agencies to support Federal Strategic Sourcing Initiatives. Army must use the Army office supply BPA's.**
- g. Green Purchasing Program –** Per Executive Order 13101 and FAR Part 23, the Government Policy is to acquire supplies and services that promote energy efficiency, and advance the use of renewable energy products and use recovered materials. This information can be found on the Office of the Federal Environmental Executive website at <http://www.ofee.gov>.

NOTE: You can do your part to achieve a “0” carbon footprint by – recycling toner, recycling paper etc. When purchasing from the mandatory source websites ensure that you screen for environmentally friendly items (check the energy efficient icons).

h. For more information, the following mandatory source products and services are also covered in Chapter 12, Restricted and Unauthorized Purchases:

1. Printing Services.
2. Organizational flags.
3. Information Technology (IT).

Chapter

12

12. RESTRICTED & UNAUTHORIZED PURCHASES

Only those items that can be acquired with appropriated funds can be purchased using the purchase card. The CH may only purchase goods and services supporting their agency's mission with available funds at a fair and reasonable price. CHs must properly document their purchases, and this documentation must be in writing and in advance of the purchase.

Exceptions to the General Rules are listed below. Other exceptions may be considered on a case-by-case basis. All requests for exceptions to policy must be submitted by e-mail to the Chief, Purchase Card Branch gsasmartpay@conus.army.mil. Requests must include a narrative justification for the purchase, including relevant background information, statutes, regulations or policy directives. The Purchase Card Program will coordinate all requests for exception with the Chief Attorney & Legal Services Directorate. Requested purchases needing exceptions cannot be made without the express written approval of the Branch Chief.

Cardholders: If you find yourself in a situation where you feel pressured to make a purchase that may not be authorized, contact your APC immediately for guidance and assistance BEFORE the purchase is made. Your APC will assist you in determining the best way to meet your requirement or provide you the reason why a particular item may not be purchased.

NOTE: In most cases, exceptions may be unavailable due to controlling law or regulation.

a. RULES

The following is a partial list of purchases that are prohibited or restricted:

1. Advance Purchases:

- (a) General Rule: Advance purchases are prohibited.
- (b) Limited Exceptions: FAR Part 32 authorizes advance payment of tuition.
- (c) Limited Exception: Advance payment for periodical subscriptions is authorized when they are made in the name of an agency or organization, but are not allowed in the name of an individual.

2. Buildings and/or Land Rental or Lease:

- (a) General Rule: CHs are prohibited from using the purchase card for rental or lease of buildings and/or land for more than 30 days.

3. Business Cards:

- (a) General Rule: CHs are not authorized to purchase business cards.
- (b) Limited Exception: DoD memo dated 28 August 1998 authorizes the printing of business cards using existing software and agency-purchase card stock for use in connection with official activities. That policy was further amended July 15, 1999, to add that purchase of business cards from The Lighthouse for the Blind, Inc., an ABILITY ONE participating non-profit agency, may be made when agencies determine that costs are equivalent or less to purchase cards from that source rather than to produce them on a personal computer. The cardholder is required to check with their agency regulations to determine whether guidance has been issued in this area. Your agency's guidance may be more restrictive than this provision.

4. Carafe Sets:

- (a) General Rule: The purchase of carafe sets for serving beverages to guests is prohibited. Items such as glassware, coffee cups, tea sets, etc., are also prohibited.

5. Cash Advances:

- (a) General Rule: CHs are prohibited from obtaining a personal identification number (PIN) from U.S. Bank and using their purchase card to obtain cash advances.

6. Classified and Sensitive Items:

- (a) General Rule: CHs are not authorized to purchase classified and sensitive items with their purchase card.

7. Coffee Pots:

- (a) General Rule: Coffee pots used in a private office are prohibited.
- (b) Limited Exception: Coffee pots in a central kitchen/break area may be authorized. See the Limited Exception in Paragraph 27(b), Personal Purchases below.

8. Coins:

- (a) General Rule: Purchase of commemorative coins is not authorized with the purchase card.
- (b) Limited Exception (ARMY): Purchase of coins for service, achievement, or special recognition pursuant to DA Memo 600-70 or other service regulation is authorized.
- (c) Limited Exception (Air Force): See Headquarters Operating Instructions (HOI)36-15 and Air Force Instruction 65-601 V1.

9. **Conference/Meeting Rooms Examples include commander's calls, division calls, and awards ceremonies (where no travel costs are incurred):**

General Rule: Conference Rooms/Meeting rooms are prohibited without prior approval through the agency coordinator to the Washington Headquarters Services (WHS), who has been delegated this authority from GSA. Allow 60 days for this process. (See DoDI 5305.5.) Air Force CHs must also comply with the requirements in AFI 32-9010. Approvals for conference/meeting room requirements may be requested by contacting the following the Conference Room Coordinator: 703-695-3207/4035.

Limited Exception: CHs may use the purchase card for Conference/Meeting rooms under \$3,000 if the following conditions are met:

- (1) CH has attempted to find conference space on an existing Government installation and was unsuccessful.
- (2) CH has considered several locations, selecting the one that is most economical.
- (3) For all HQDA activities, conference approval must also be obtained from the Administrative Assistant to the Secretary of the Army, prior to using the purchase card, unless an exception applies. (See DA Memo 1-17.)

10. **Conferences Not Sponsored by Your Agency:** Examples include attendance at commercial conferences or training events.

- (a) General Rule: Prepare a single SF 182 for all attendees from your agency (up to \$25,000).

11. **Conferences Sponsored by Your Agency, which include travel:** Examples include off-site meetings and training or conferences sponsored by your agency.

- (a) General Rule 1: Use the purchase card for conference costs. These costs may include meeting room and audiovisual costs and registration fees. Ensure the file documentation required by the JFTR/JTR is readily available for review. Refer to JFTR and JTR appendix entitled CONFERENCES. See paragraph 17. Food.
- (b) General Rule 2. If the costs exceed \$3,000, forward the requirement to a contracting office for action.

NOTE: SF Form 182 is used solely for COMMERCIAL off-the-shelf training and cannot be used for conferences sponsored by your agency (Reference: Office of Personnel Management Training Policy Handbook)

12. **Equal Employment Opportunity (EEO) Special Emphasis Programs:**

- (a) General Rule: Purchases of items (including food, brochures, decorations, etc.) in support of EEO observances is prohibited unless your agency's primary mission is EEO.

13. **Equipment, Long-Term Rental or Lease:**

- (a) General Rule: CHs are prohibited from using purchase cards to enter into long-term leases for equipment, i.e., six (6) or more months.

14. Ergonomic Equipment and Accommodating Technology:

- (a) General Rule: Before using agency funds to accommodate an employee with a disability, we recommend you contact the Computer/Electronic Accommodations Program (CAP). CAP is a centrally funded program and provides assistive technology and services for all DoD employees and partner agencies with hearing, visual, dexterity, cognitive and communication impairments, as well as our Wounded Service Members who have been injured in the Global War on Terror. If a person develops a disability due to work-related/ergonomic injuries, CAP can provide the required accommodation if the individual has the appropriate medical diagnosis documentation from a medical professional on the nature, severity and duration of the disability. CAP cannot buy ergonomic related tools for prevention. Your safety office should have the flexibility to do what is best for employees to ensure a safe and healthy work environment. If you have any questions, please contact CAP at 703-681-8813, or e-mail them at cap@tma.osd.mil. You can also visit the website at <http://www.tricare.osd.mil/cap> for further information.

15. Explosives, Munitions, Firearms, Toxins:

- (a) General Rule: CHs are not authorized and shall not purchase these items with their purchase card.

16. Flags, Organizational:

- (a) General Rule: Organizational flags must be obtained through an authorized supply source. Generally, there is no charge. Distinguishing flags and organizational colors are accountable property and unless specifically approved, their retention by individuals is prohibited.

Army Organizational Flags. Submit a requisition to the U.S. Army Clothing and Heraldry PSID, Philadelphia. The items are free to all Army activities. If the Clothing & Heraldry PSID cannot provide the flag by the required delivery date, the installation commander may authorize local purchase under the provisions of AR 710-2. The organization, at this point, may use the purchase card to procure the organizational flag.

Air Force Organizational Flags.

- (a) Contact SAF/AAF at 703-697-7141 if a replacement Air Force Departmental Flag is needed. Organizational Flags are not authorized for units without a headquarters designation. For other authorized Organizational Flags, mail a current full-scale Institute of Heraldry drawing along with a DD Form 1348-6 to the Air Force Clothing and Textiles office, Defense Supply Center - Philadelphia. The DD Form 1348-6 must include the NSN, a document number (check with your supply office for this number) and a required delivery date.

- (b) USAF General Officer outdoor flags are local purchase items.

- (c) USAF General Officer indoor flags (3'x4') are available through your normal supply channels.

17. Food:

- (a) General Rule: Appropriated funds are not available to pay for food or refreshments. Organizations are highly encouraged to check with their local servicing JAG or attorney's office, before purchasing food, or applying the exceptions listed below. Your agency's guidance may be more restrictive than this provision.

- (b) Limited Exceptions: An event may qualify for appropriated funding if certain requirements are satisfied and documented. The justification for use of the purchase card under one of these exceptions must be authorized in an MFR and signed by an activity director (0-6 or above) or civilian equivalent. Include a copy of this in the cardholders purchase files.

- (1) Light Refreshments at Conferences. Sponsoring Agency/Conference proponent may use its purchase card to purchase light refreshments on breaks at Government sponsored conferences only for government employees on travel orders (IDY status). The purchase card may not be used to purchase refreshments for non-Government employees, or for Government employees who are not on travel orders.
- (2) Meals at Formal Meetings or Conferences. Sponsoring agency may provide a meal at a Formal Meeting or Conference when: 1) the meal would be incidental to the meeting; 2) attendance by employees at the meal is necessary to full participation in the conference or meeting and 3) employees may not take meals elsewhere without being absent from an essential part of the meeting. This exception is limited to formal meetings or conferences, typically organized or sponsored externally, which cover topical matters of general interest to both government and non-government employees. This exception does not apply to purely internal business meetings.
- (3) Training. Sponsoring agency may serve refreshments/meals at training where the food is necessary to achieve the objectives of the training program. The food must be incidental to the training session, i.e., don't conduct training for the purpose of serving a meal. Actual training must be conducted, not just discussions or open forums relating to problems and day-to-day operations of the agency. Attendees would fail to complete the training if they miss the meal.
- (4) Award Ceremonies. Sponsoring agency may serve light refreshments at Award Ceremonies honoring individuals recognized under your Civilian Employee Incentive Award Program. CHs are prohibited from using purchase cards for refreshments at events such as retirement, promotion, PCS and longevity ceremonies.
- (5) Formal Ethnic Awareness Program Sponsored by your EEO Office where food samples relating to the particular ethnicity are served as part of an education program.
- (6) Food and/or refreshments served using Official Representational Funds (ORF) in accordance with AR 37-47 or appropriate agency regulations. Note: Card must be dedicated solely for use of ORF expenditures for this exception to apply.

18. Fines and Penalties

- (a) Agencies generally may not use appropriated funds to pay fines and penalties incurred by employees. Military members and employees may be reimbursed for paying a fine when the action for which the fine is imposed is a necessary part of the member's or employees official duties.
- (b) Agencies may pay fines imposed on the federal government when Congress waives sovereign immunity.

Example: Interest penalty

19. Fuel, Aircraft:

- (a) General Rule: CHs are prohibited from using their purchase cards for aviation, diesel, gasoline fuel or oil for aircraft.

20. Fuel, Vehicle:

- (a) General Rule: Vehicle fuel is prohibited.

(b) Limited Exception: The purchase card can be used for fuel for special-purpose vehicles such as a fork lift, tractor, lawn mower, etc.

(c) Limited Exception: The purchase card can be used for fuel for vehicles rented 30 days or less for official purposes.

21. Furniture and other UNICOR products:

(a) General Rule 1: Waivers are not required for UNICOR products for requirements not exceeding \$3,000.

(b) General Rule 2: For authorized purchases over \$3,000, before purchasing an item of supply available from UNICOR, conduct market research to determine whether the UNICOR product is comparable to supplies available from the private sector that best meet the Government's needs in terms of price, quality, and time of delivery. If UNICOR offers comparable products, CHs must purchase from UNICOR or obtain a waiver from UNICOR. CHs are not required to purchase from UNICOR and a waiver is not required from UNICOR if you make a comparability determination and decide that the UNICOR product is not comparable in terms of price, quality, or time of delivery, and you then compete the acquisition. Document the file showing the market research conducted and the determination of comparability.

22. Gifts, Trophies, Plaques, Gift Certificates, Gift Cards, and Mementos as giveaway items for hails & farewells, retirements, change of command ceremonies, conferences or other occasions:

(a) General Rule: CHs are prohibited from purchasing these items with their purchase card (this includes shadow boxes or anything that displays flags).

(b) Limited Exceptions:

(1) Purchase of items to be given as awards under a bona fide civilian or military awards program pursuant to AR 600-8-22, AR 677-2 or other service regulations.

(2) Purchase of items for recruiting purposes, pursuant to service regulations.

(3) Purchases using a card dedicated solely for ORF expenditures.

23. Government Employees or Businesses Owned or Controlled by Government Employees, Purchases From:

(a) General Rule: Purchases from business organizations either owned or substantially controlled by Government employees, either military or civilian, are prohibited.

24. Information Technology (IT):

(a) General Rule: All purchases of IT hardware and software must be authorized in advance by the cognizant authority, for example IMCEN (Army), 844 Communications Squadron (Air Force) formally AFPCA, or your agency IT Manager.

(b) Specific Rule: For IT products and services all Army accounts shall use the Computer Hardware, Enterprise Software and Solutions (CHESS) formerly known as the Army Small Computer Program (ASCP). The CHESS website is embedded at <https://ascp.monmouth.army.mil/>. Waivers must be obtained from CHESS when buying from other than authorized vendors.

(c) Limited Exception: Expendable supplies such as toners, repairs kits, and memory cards may be purchased without written IT authorization.

25. Membership Fees for Professional Associations:

(a) General Rule: CHs are not authorized to pay membership fees for ANY professional association in an individual's name.

26. Organization Day Items (t-shirts, baseball caps, utensils, etc.):

(a) General Rule: CHs are not authorized to purchase goods that are not necessary in the performance of official duties. Purchase these items using personal funds or an employee collection/fund raiser.

27. Parking Spaces in the NCR, Leasing:

(a) General Rule: CHs shall obtain authorization from WHS prior to using the Government Purchase Card to the lease parking space in the NCR. DoDI 5305.5 states that NCR Space Coordinators are required to submit "Requests for Parking in Government-leased Buildings/Facilities" to WHS for consideration. Parking space(s) will be acquired for Government-controlled vehicles only. For assistance please contact WHS at 703-614-6399.

28. Personal Purchases:

(a) General Rule: CHs are prohibited from purchasing items for personal convenience or personal preference with the purchase card. This includes such items as air fresheners, fans and heaters, appliances, luggage/briefcases, clothing, tissues, and seasonal decorations. These items should be purchased through employee collections and/or personal funds.

(b) Limited Exception: Appliances in central kitchen/break areas. A Comptroller General opinion authorizes the purchase of appliances for central kitchen areas. Upon written approval of an activity director (0-6 or above) or civilian equivalent, CHs may procure a refrigerator, microwave or coffee maker for a common use kitchen area. The activity director approving the purchase must determine that the purchase promotes efficient operations of the agency, health of personnel, and/ or safety of employees, such that the primary benefit of the use of these appliances accrues to the benefit of the agency.

(c) Limited Exception: Activities may procure special uniforms (e.g., flight suits, desert battle dress uniforms and insignia) not included as regularly issued uniforms paid by individuals from a clothing allowance, as directed by commanders or other competent authority in accordance with the guidance in Air Force Instruction 65-601, Army Common Table of Allowances 50-900, Clothing and Individual Equipment, Table 4, or other service regulations.

(d) Limited Exception: Activities may procure books as long as the books are in accordance with the mission of your agency (necessary expense). First, check existing resources such as libraries. If purchase is required, the agency's leadership (06 or higher or civilian equivalent) must make the determination and document this for the cardholders purchase files. Purchasing books should be approached and handled with care as this is an area of great potential for perception of a personal purchase. Coordinate with the property office to have books properly recorded as government property.

29. Pesticide:

(a) General Rule: Purchases of all commercial pesticides and all commercial pest control services, including micro-purchases below \$3000 is prohibited unless prior authorization is received from the

designated Pest Management Consultant (PMC) through the appropriate Director of Public Works (DPW), and Installation Pest Management Coordinator (IPMC). Such requests submitted to the responsible IPMC will include a specification describing the type of pest control services required, to include copies of the contractor's license, certification numbers of the applicators, a listing of the pesticides to be applied during the term of the contract, quality assurance plan, and in the case of termite control, a warranty. All of these items will be included in the contract. PMC's will assist the IPMC to ensure that service providers are properly licensed, that each applicator has a commercial pesticide applicator certification and that pesticides are state registered.

(b) Limited Exceptions:

(1) Purchases of pesticides (such as insecticides, rodenticides, herbicides, fungicides, wood preservatives, repellents, etc.), pesticide application equipment, and services that include pesticide application will be executed in strict accordance with AR 200-1, Chapter 5, Pest Management.

(2) Purchases of pesticides and skin/clothing repellents or pest control services to control potential disease vectors (e.g. mosquitoes or ticks) will be approved in advance by an appropriate Center for Health Promotion and Preventive Medicine (CHPPM) entomologist.

(3) The list of pre-approved pesticides for recurring requirements will be documented in the installation's Integrated Pest Management Plan (IPMP). This IPMP is approved by the Garrison Commander and administrated by the IPMC. The IPMP addresses all requirements for safe, compliant procurement as well as storage, mixing, application, disposal, and reporting pest control operations.

30. Postage:

(a) General Rule: CHs are prohibited from purchasing postage stamps with their purchase card unless they do not have access to a nearby DoD Post Office. CHs should utilize the DoD Post Office for postage purchases, if available.

31. Printing Services:

(a) General Rule: FAR Part 8.802 states "Government printing must be done by or through the Government Printing Office." DAPS is the mandatory source for all printing/reproduction services. The Government Purchase Card cannot be used to acquire printing and reproduction services directly from a commercial vendor unless a waiver has been granted from your agency point of contact below. Coordinate all of your requirements with the following agency points of contact:

Army USAPD – Phone: 703-428-0187 Email apdpolstds@conus.army.mil

Air Force (HAF IMMR) – Phone: 703-697-3342

(b) Limited Exception: Cardholders are authorized to use appropriated funds for change of command services for heads of the organizations. Examples include invitations, envelopes etc. All other invitations are unauthorized.

32. Sanitizer, Hand

(a) General Rule: The purchase of personal sized bottles of hand sanitizer is not an approved purchase.

(b) Limited Exception: Cardholders are authorized to use appropriated funds for alcohol based (also called water base) hand sanitizer in institutional sizes. It is an approved purchase for use in common use areas (not private offices). Use the Institution for the Blind Stores when making your purchases. Please also identify your purchase as a H1N1 prevention contingency purchase when creating your order form in access online.

33. Shredder:

(a) General Rule: Pentagon Force Protection Agency no longer requires approval of shredders prior to purchase. If your office has a requirement for a shredder please contact your agency security officer for specific shredder requirements.

34. Speaker Fees (Honorariums):

(a) General Rule: Cardholders are authorized to pay for speaker fees up to \$2000 in accordance with the Defense Finance and Accounting Service Regulation, 37-1. Speaker fees are authorized above \$2000 with documented approval of the Vice Chief of Staff. Honorariums cannot be issued to government employees.

35. Stationery, Personalized:

(a) General Rule: Stationery personalized with an individual's name is unauthorized.

(b) Limited Exception: Printing of stationery using local printing funds is authorized providing it contains only the organization name, office title, installation, city, state and zip code.

36. Telecom and Wireless Services:

(a) General Rule: CHs shall contact Defense Telecommunication Service-Washington (DTS-W) (or their local equivalent agency with oversight of telecom contracts) to see if service can be paid from existing contracts. For further information on telecommunication contracts in the National Capitol Region, contact NCRCC Telecommunication Services office at 703-428-0820. Per the Army Regulation 715-XX, if the estimated yearly requirement is over \$3,000, there needs to be a contract in place for orders to be paid for with the Government Purchase Card.

37. Third Party Payments: (*Money Transfer Services*)

(a) General rule: CHs are required to make every attempt to obtain the goods and services from another vendor. If still found necessary to make a payment to a third-party merchant, such as PayPal®Purchases or c2it by Citibank, the BO must document the file to explain why a third party vendor was used and the steps taken to obtain the goods and services from a different vendor.

38. Travel-related Purchases:

(a) General Rule: CHs are prohibited from using the purchase card to pay for travel and travel-related expenses, such as air fare and hotel charges. Clear cards (or equivalents to expedite airport security screening) are not authorized for purchase with the purchase cards.

(b) Limited Exception: CHs may use the purchase card to purchase Metro fare cards or EZ Pass cards for use in official government travel.

(c) CHs are prohibited from purchasing Metro Smartcards.

39. Uniforms:

- (a) General Rule: CHs are prohibited from purchasing uniform items.
- (b) Limited Exception: When authorized, activities may procure special uniforms (e.g., flight suits, Army Camouflage Uniform (ACU) and Airman Battle Uniform (ABU) name tags and enlisted insignia for the AC and AB Uniforms) not included as regularly issued uniforms paid by individuals from a clothing allowance, as directed by commanders or other delegated authority in accordance with the guidance in Air Force Instruction 65-601v1 and Army Common Table of Allowances 50-900, Clothing and Individual Equipment, Table 4. Deployment orders shall be included in the purchase card file as supporting documentation for purchasing of uniform items. Personal use items such as towels, shower shoes, or toiletries shall not be purchased with the government purchase card. Personal use items are bought by the individual.
- (c) Limited Exception: Those items not covered in the service regulation require a legal review prior to making the purchase.

40. Vehicle Lease, Long-Term:

- (a) General Rule: CHs are prohibited from entering into contracts for rental/lease of motor vehicles.
- (b) Limited Exception: Authorization may be granted for official nonrecurring government functions for no more than 30 days.

41. Vehicle Repairs, Leased:

- (a) General Rule: CHs are prohibited from using their purchase cards for GSA-leased vehicle expenses including repairs, maintenance, car washes, accessories, tinted windows, etc. CHs should utilize their GSA Fleet or Voyager cards for these expenses.
- (b) Limited Exceptions:
 - (1) For vehicles leased from organizations other than GSA, vehicle repairs not covered by the leasing agreement may be charged to the purchase card.
 - (2) The purchase card may be used to purchase EZ Pass for tolls for official government vehicles as well as registration fees and license plates.
 - (3) Cell phone accessories that are used in vehicles are not considered vehicle expenses and thus may be purchased using the purchase card.

42. Water Services, Bottled:

- (a) General Rule: CHs are prohibited from purchasing bottled water and/or bottled water service with their purchase card.
- (b) Limited Exception: If an agency has a report from an outside water-testing agency determining that the drinking water is harmful if consumed, bottled water may be purchased.

EXAMPLES

The items listed below are restricted and unauthorized purchases using the purchase card. This list is not all-inclusive, and there may be some limited exceptions to the general rule on a few of the items. The list provides you with a variety of categories of unauthorized transactions.

Abusive purchases at excessive cost or excess quantities	Advance Purchases	Alcoholic beverages	Antiques
Appropriation law violations	Ash trays	Bona-fide need violations	Bonds, Savings
Briefcases	Carafe sets	Cash advances	CDs
Cell phone charges that are improper (wrong plan for your use) and/or excessive	Certificates, gift	China or crystal	Cigars
Classified or controlled cryptographic items	Clothing, personal	Convenience checks above \$3,000	Convenience checks made payable to a vendor who accepts the Government Purchase Card
Cosmetics	Costumes	Cutlery, silverware	Decorations, seasonal, not in a common area
Does not serve a legitimate government purpose	Exceeds your single purchase limit	Excess property	Exercise equipment
Fans	Firearms	Fuel for personal vehicle	Furniture not in keeping with the office environment and not justified by position/grade level

Gambling, casino or horse race betting	“Gold-plated” purchases	Government employees, purchases from	Government use intended, but is not authorized by law, regulation or policy
Groceries	Hazardous/dangerous items such as explosives and toxins	Heaters	Immediate delivery unnecessary
Inappropriate procurement method	Invitations for a change of command ceremony	Jackets, cold weather pilot jackets	Jewelry
Land or building rentals or leases exceeding 30 days	Leased-vehicle or personal car repairs	Mandatory source violations	Memberships fees for professional organizations
Mementos	Munitions	Party supplies	Penalties and Fines
Personal services - paying taxes, court costs, etc.	Pictures not related to your agency’s mission	Planners from a non-ABILITY ONE source, e.g. Franklin Covey®, Day- Timers®, etc.	Plants or flowers, real or artificial, or maintenance services for them
Radios	Raincoats	Repetitive/recurring purchases that total above the micropurchase limit	Restaurant purchases
Salaries, wages, or travel claims	Santa suits	Smartcards (Metro)	Split requirements
Suitcases, garment bags, duffel bags	Sunglasses	Taxidermy services	Telecommunications systems

Tissues, facial/ and Hand Sanitizer	Travel related purchases	Tree	Utility services
Vehicle expenses for leased vehicles	Wood, untreated	Tobacco Products	Items not reasonably related to the efficient performance of agency activities(mission essential)

13. CONVENIENCE CHECKS

A convenience check is a method of payment for purchases from the small number of vendors who do not accept the purchase card. A U.S. Bank convenience check account is available to any organization that maintains an active purchase card account in good standing.

a. GENERAL RULES

1. General rules when using the convenience check include the following:

- (a) Prior to issuing a convenience check, its use must be determined to be advantageous to the Government after evaluating all alternatives;
- (b) Convenience checks will not be used to avoid the normal Government Purchase Card payment process;
- (c) The paying activity must make every effort to use the Government Purchase Card prior to issuing a check;
- (d) The paying activity must make every effort to find and use merchants that accept the Government Purchase Card;
- (e) The check writer must obtain all information necessary for completion of Internal Revenue Service Form 1099-MISC (see paragraph b);
- (f) Check writers are required to enter all checks for supplies and services into the 1099-Misc Tax Reporting Program and;
- (g) Convenience checks will not be issued for more than the single purchase limit as authorized in the check holder delegation letter. In addition, multiple checks cannot exceed the check writers authorized single purchase limit. The account will be closed if you exceed your single purchase limit.

2. Examples of prohibited purchases:

- (a) Payment of salaries and wages;
- (b) Travel advances or any other advances;
- (c) Payment of travel claims;
- (d) Payment of public utility bills;
- (e) Purchases from contractors or contractor's agents who are military personnel or civilian employees of the Government;
- (f) Repetitive purchases from the same contractor when another method of purchase, such as the Government Purchase Card or a blanket purchase agreement, would be appropriate;

- (g) Payment of “on the spot” awards;
 - (h) Purchases that would be prohibited with the Government Purchase Card; and,
 - (i) The check writer must not make purchases on behalf of a purchase card account that is suspended or is not in good standing.
3. Convenience checks will be pre-numbered, and a separate convenience check purchase log will be maintained with each account.
 4. The issuing activity is responsible for all administrative costs. The total purchase amount plus the program fee must be accounted for in the check writer’s log. Check transactions cannot exceed \$3,000. (The current program fee for convenience checks is 1.7% of the face value of the check.) All program fees as well as any charges for stop payments, check copies, etc., must be accounted for in the purchase log.
 5. Convenience checks will not be issued as an “exchange for cash” vehicle to establish cash funds.
 6. If a vendor issues a credit or refund by cash or check, the funds must be immediately credited back to the account from which the payment was originally made.
 7. Checks are negotiable instruments and must be stored in a locked container, such as a safe or locking filing cabinet. Checks will be carefully accounted for to prevent loss, theft or potential forgery. In the event of loss, theft, or suspected forgery, the check writer will immediately notify the bank, the BO, and the APC.
 8. Copies of voided checks shall be retained as a part of the account holder’s original documentation files. (The carbonless copy of the check in the checkbook does NOT satisfy this requirement.)
 9. A BO will be assigned for each convenience check account. The BO accepts financial liability for payments made using the convenience checks.
 10. Internal controls must be in place to avoid duplicate payments.
 11. Convenience check accounts will be reviewed unannounced on a quarterly basis. A sample checklist is included at paragraph e.
 12. Prior to departure from the agency, the check writer must destroy his/her unused checks in front of a witness and the BO must notify the APC in writing that the checks have been physically destroyed. The check carbon copies must be retained in the BO records. All check transactions must be certified/approved in AXOL prior to departure from the agency.

b. IRS FORM 1099-MISC DATA

1. Check writers are required to obtain access to the 1099-MISC Tax Reporting Process. This data will be used to process IRS 1099-Misc forms. New users need to complete two system access forms, the System Authorization Access Request (SAAR), DD Form 2875 and the Defense Finance and Accounting Service 1099-Misc Tax Reporting Program System Access Form, DD Form 2869. Use the DD Form 2875 at the website <http://www.dtic.mil/whs/directives/infomgt/forms/ddforms2500-2999.htm> or at a link titled, "System Access Request Forms" on the DFAS website, <https://dfas4DOD.dfas.mil/systems/1099>. Upon completion of the form, fax it to the DFAS Tax office at 614-693-5452 or e-mail it to cco.checks@dfas.mil. Required information includes the merchant’s full legal name, complete legal mailing address, telephone number, tax identification number or social security number, amount and date of transaction.

2. Payments should be entered into the system at the time the check is issued. Do not try to accumulate and input all the information in December.
3. If the payment is not entered by 31 December, the check writer's agency is responsible for issuing the IRS Form 1099-MISC to the merchant. No extensions to this deadline are available.
4. Contact your DFAS for your password and any assistance you need to enter your check data into the DFAS program. They can be reached at CCO.CHECKS@DFAS.MIL.

c. ESTABLISHING CONVENIENCE CHECKS

1. A request to establish a convenience check account will be submitted in writing by the agency's commander/director and through the BO to the APC.
2. The required information includes:
 - (a) Check writer's, BO's and ABO's complete names;
 - (b) Complete office name and address;
 - (c) E-mail address, phone & fax numbers;
 - (d) Single Purchase Limit;
 - (e) Monthly Purchase Limit;
 - (f) Type of vendors to whom the checks will be written; and,
 - (g) Estimated annual dollar amount of usage of convenience checks.
3. Once approved a check account will be established and a check holder delegation letter will be issued. The normal processing time for establishing a check account is 6 weeks.

d. DISPUTES/STOP PAYMENTS/COPIES

1. The Government Purchase Card dispute process with US Bank is not available for convenience checks. Any concerns over a purchase made with a check must be resolved directly with the merchant. The check writer is responsible for securing restitution and/or credit for disputed purchases. U.S. Bank will not accept the manual dispute form for purchases made with the convenience check. Each agency is responsible for checks written on its account(s) unless it is determined that fraud is involved.
2. If the check has not yet been posted to an account, payment can be stopped. To request a stop payment on a check, call U.S. Bank Customer Service at 888-994-6722. The stop payment will be in place for six (6) months, and the bank may charge a fee. If the check has already posted to the account, a request to stop payment cannot be honored.
3. Copies of posted checks are retained on file at U.S. Bank for 3.5 years. If a check copy is needed, it will be mailed within 14 calendar days of request. A fee may be charged.
4. The check is not posted to your agency's account until the payee presents it for payment. This may occur in a later billing cycle. When a check is presented to U.S. Bank for payment, there must be enough funds in the

monthly purchase limit and office limit to cover the check. In addition, a check cannot exceed the single purchase limit assigned to the account. If any of these limits are exceeded the bank may return the check unpaid for non-sufficient funds, and assess a fee. The check writer will need to contact the payee to re-issue the check.

e. CONVENIENCE CHECK REVIEW CHECKLIST

1. Confirm training documentation for check writer.
2. Confirm Letter of Delegation for check writer.
3. Does the check writer have access to the DFAS 1099 Tax Reporting Program?
4. Does the check writer log all check purchases that include the acquisition of services into this program no later than 31 December each year?
5. Does the check writer make every effort to find and use a vendor who accepts the purchase card?
6. Is a separate convenience check purchase log maintained? (This can be a manual or AXOL log.)
7. Does the check writer account for the program fee and any other fees for check copies, non-sufficient funds or stopping payment on a check in the purchase log?
8. Are internal controls in place to avoid duplicate payments?
9. Are checks accounted for and stored in a locked container?
10. Are duplicate copies of voided checks retained as a part of the original documentation files? (“Carbon copy” from duplicate checks is NOT sufficient.)
11. Does the check writer ensure no prohibited purchases are made? Prohibited purchase list is provided in the beginning of Chapter 13.

14. CARDS WITH A \$25,000 SPL

Certain agencies may have a need to make purchases above the micro purchase limit. A request may be made to increase your single purchase limit up to \$25,000 with certain limitations. The GSA Smartpay purchase card usage is limited to the following:

- a. **Open Market purchases of products below the micro purchase limit of \$3000.**
- b. **Open market purchases of services below \$2500. For services above \$2500 contact your agency program coordinator.**
- c. **Payment of invoices and ordering supplies and non-personal services below \$25,000 from:**
 - i. Federal Supply Schedule (FSS) contracts;
 - ii. Other Government Wide Area Contracts (GWACs); or
 - iii. Previously awarded Blanket Purchase Agreements (BPAs) or Indefinite Delivery, Indefinite Quantity (IDIQ) contracts, under which terms your activity is specifically named as an ordering activity.
 - iv. Commercial training requests using the SF 182.

Only current CHs in good standing that have demonstrated compliance as evidenced by past reviews and history will be considered for the higher limit. CHs must have six (6) months of purchasing experience with NCRCC, and the NCRCC GPC Branch may conduct a review of your account prior to issuance of the higher single purchase limit if the managing account has not been reviewed in the last six (6) months. This six (6) month requirement does not apply to training cards. The review results will impact your ability to obtain the higher single purchase limit.

Unlike micro-purchases which may be awarded to any size business without soliciting competitive quotations, these transactions require competition by obtaining three quotes and a determination that each purchase price is fair and reasonable. In addition, each acquisition of supplies or services that has an anticipated dollar value exceeding the micro purchase limit and not exceeding \$25,000 is reserved exclusively for small business concerns and shall be set aside for small business concerns. The below explains the process to obtain the \$25,000 card.

a. PROCESS FOR OBTAINING HIGHER SPL

Selected CHs are authorized to purchase goods and services under existing contracts up to \$25,000 and/or commercial training using the SF 182 up to \$25,000. CHs must not make any purchases that exceed their written delegation of procurement authority from NCRCC.

1. If a CH requires a Single Purchase Limit (SPL) greater than \$3,000, the following steps are required to receive authorization:
 - (a) The CH must have had a purchase card for at least six (6) months from NCRCC.

- (b) The managing account must be in good standing as reflected in the latest NCRCC review.
- (c) Advanced training. **The BO, ABO, and CH must obtain additional training prior to approval and authorization of the higher single purchase limit:**
- (1) Personnel not in the 1102 contracting series who are located in the NCR will be required to attend the NCRCC Advanced Purchase Card Training. This course is conducted bi-weekly by NCRCC. E-mail us at gsasmartpay@conus.army.mil to request this training.
 - (2) For personnel located outside the NCR or acquisition personnel not assigned to NCRCC, CON 237 (Simplified Acquisition Procedures) is required. There is no pre-requisite for this class, and it is offered on-line through DAU. See Chapter 3 for more information on registering for DAU courses.
 - (3) **Refresher training for this card must be completed annually by the BO, ABO, and CH. Advanced Refresher training (NCRCC 002) must be completed annually by all BOs, ABOs and CHs purchasing above the micropurchase limit.**
 - (4) For activities outside the NCR, an option of taking the training via Video Teleconferencing is available.
- (d) The agency must submit a memo signed by the agency commander or director requesting an increase from the micro purchase card limit. The memo needs to include the names of the billing official and alternate billing official. Attached to the memo must be copies of the training certificates indicating that the BO, ABO, and CH have completed Advanced Purchase Card Training within the past 12 months.
- (e) NCRCC will prepare and forward a new Letter of Delegation for the CH listing the increased SPL and the limitations of authority for these purchases. This Letter of Delegation provides legal authority to make purchases in excess of the micro purchase limit not exceeding \$25,000. CHs must not make any purchases in excess of the micro purchase limit prior to receipt of this letter. CHs must not make any purchases that exceed their delegation of procurement authority.
- (f) The graph below illustrates some of the differences between the rules and regulations, which govern micro-purchases versus simplified acquisitions.

MICRO-PURCHASES	SIMPLIFIED ACQUISITIONS (up to \$25,000)
Fair and Reasonable Price determination not required in writing	Fair and Reasonable Price determination must be in writing
Must screen for mandatory sources	Must screen for mandatory sources
After screening for mandatory sources, you may purchase from the open market on a sole source basis	* After screening for mandatory sources, you cannot purchase from the open market. You must purchase from an existing contract. No purchase may be made on the open market
Competition not required - 1 quote	Competition required - 3 quotes
Use of a small business not mandatory	Use of small business mandatory unless an exception applies
Sole source justification not required	Sole source justification required
Must rotate vendors	Must rotate vendors
Convenience checks authorized	Convenience checks unauthorized
UNICOR (FPI) waiver not required	UNICOR (FPI) comparability study required

b. GENERAL RULES

1. Open market purchases are prohibited. An open market purchase is a purchase not ordered from an existing contract, Federal Supply Schedule contract, or BPA. **There is no authority to make open market purchases above the micro purchase limit with the purchase card regardless of any market research. The only exception is for commercial training courses using the SF 182.**
2. Use of mandatory sources. See Chapter 11 for more information.
3. Use of an existing government contract. You may place orders against an existing, valid government contract. The CH must ensure that the contract is current and will not expire prior to the completion of performance. You are authorized to use the Government Purchase Card in an amount not to exceed \$25,000 per requirement to order supplies and non-personal services only from the contract types listed below:
 - (a) Federal Supply Schedule contracts;
 - (b) Other Government Wide Area Contracts (GWACs); or,
 - (c) Previously awarded BPAs or IDIQ contracts, under which terms your activity is specifically named as an ordering activity.
4. Use of Small Businesses. See paragraph f below for more information.

c. COMPETITION REQUIREMENTS

1. Activities must promote competition for purchases above \$3,000. Obtain at least three quotes. **DO NOT** mix solicitations between small and large businesses or include open market solicitations with those against existing Government contracts.
2. Competition is required even when the product or service is on a Federal Supply Schedule.
3. It is the policy of the government to provide maximum practicable opportunities in its acquisitions to small business, veteran-owned small business, service-disabled veteran-owned small business, HUB-Zone small business, small disadvantaged business, and women-owned small business concerns. Small business concerns shall be afforded an opportunity to compete for all contracts that they can perform.
4. Competition is required when ordering from a BPA or IDIQ contract that was awarded as part of a Multiple Award Contract. You must ensure all vendors included in the multiple award have a “fair opportunity” to compete. In most cases, by obtaining at least three quotes a “fair opportunity” can be assumed.
5. FAR Part 7.202 requires agencies to procure supplies in such quantity as:
 - (a) Will result in the total cost and unit cost most advantageous to the Government, where practicable; and,
 - (b) Does not exceed the quantity reasonably expected to be required by the agency.
6. FAR Part 13.104 requires the CH to promote competition. The CH must not:
 - (a) Solicit quotations based on personal preference; or,

- (b) Restrict solicitation to suppliers of well-known and widely distributed makes or brands.

d. PRICE REASONABLENESS DETERMINATION

A fair and reasonable price is a price that is fair to both parties, considering the agreed-upon conditions, promised quality, and timeliness of performance/delivery. Prices are affected by factors that include, but are not limited to, speed of delivery, length and extent of warranty, limitations of seller's liability, quantities ordered, length of the performance period, and specific performance requirements. The CH must ensure that contract terms, conditions, and prices are commensurate with the Government's need.

1. CHs must purchase supplies and services from responsible sources at fair and reasonable prices. In establishing reasonableness of the offered prices, the CH must not obtain more information than is necessary. Do not solicit more bids than necessary to obtain the three quotes to establish adequate price competition.
2. The CH is responsible for obtaining information that is adequate for evaluating reasonableness of the price.
3. Competition establishes price reasonableness.
4. Micro-Purchase Documentation (FAR 13.202). The administrative cost of verifying the reasonableness of the price of purchases at or below the micro-purchase threshold may more than offset potential savings from detecting overpricing. Action to verify price is only required when you:
 - Suspect or have information to indicate that the price may not be reasonable (e.g., comparison with previous prices or personal knowledge).
 - Purchase an item for which no comparable pricing information is readily available (e.g., a supply or service that is not the same as or similar to other supplies or services that you have recently purchased on a competitive basis).
 - Since there is no requirement for price analysis, no pricing documentation is required unless you must take action to verify price reasonableness. Award demonstrates an affirmative decision that the price is reasonable. When you must take action to verify price reasonableness, documentation should be sufficient to establish price reasonableness. If you award to other than the lowest offeror, you must explain your award decision.
5. Simplified Acquisition Documentation (FAR 13.106-3) (All over \$3,000 up to 25K purchases). 25K purchases require a determination that the price is reasonable:
 - Whenever possible, base your determination on comparisons with competitive quotations or offers.
 - If you only receive one quote, include a statement of price reasonableness in the contract file. The statement may be based on:
 - Market research;
 - Comparison of the proposed price with prices found reasonable on previous purchases;
 - Current price lists, catalogs, or advertisements;
 - A comparison with similar items in a related industry

- Value analysis;
- Personal knowledge of the item being purchased;
- Comparison to an Independent Government Estimate; or
- Any other reasonable basis.

Your documentation must also include:

- All quotes
 - If an oral solicitation is used, include an informal record of the suppliers contacted, oral price quotations, and other terms and conditions.
 - If a written solicitation is used, include an abstract or note to show prices, delivery, references to printed price lists used, the vendor or vendors contacted, and other pertinent data.
- If you do not have adequate price competition, describe the analysis used to determine price reasonableness.
- If you only solicit one source, explain the absence of competition, unless the contract is for utility services available from only one source.
- When you consider criteria other than price-related factors in selecting the supplier, document the rationale used in making your final award decision. Be sure to explain the role that price analysis played in your decision.
- **The checklist at the end of this chapter must be used and included in your file documentation.**

e. DOCUMENTATION REQUIREMENTS

The following documentation is mandatory for all purchases over the micro purchase limit.

1. Quote sheet.
2. Award decision memo including price reasonableness determination.
3. Invoices and receipts, annotated by the vendor, with the contract number.
4. Sole Source Justification, if applicable.
5. Justification for Purchase from Other than a Small Business, if applicable.

f. SMALL BUSINESS

The Small Business Act is the authority under which the Small Business Administration (SBA) and agencies consult and cooperate with each other in formulating policies to ensure that small business interests will be recognized and protected. It is the policy of the Government to provide maximum practicable opportunities in its acquisitions to small

businesses, veteran-owned small businesses, service-disabled veteran-owned small businesses, HUB-Zone small businesses, small disadvantaged businesses, and women-owned small businesses.

1. Each acquisition of supplies or services that has an anticipated dollar value between \$2,500 and \$25,000 is automatically reserved exclusively for small business concerns and shall be set aside for small business.
 - Exception: The set aside does not apply if the CH determines there is not a reasonable expectation of obtaining offers from two or more responsible small business concerns. In addition, this does not apply for mandatory sources.
2. If the CH does not proceed with the small business set-aside and purchases from a large business, the CH shall provide justification in the file.
3. If the CH receives only one acceptable offer from a responsible small business concern in response to a set-aside, the CH should make an award to that firm.
4. If the CH receives no acceptable offers from responsible small business concerns, the set-aside shall be withdrawn and the requirement, if still valid, shall be re-solicited to large businesses against an existing contract.
5. Require each prospective contractor to represent whether it is a small business, veteran-owned small business, service-disabled veteran-owned small business, HUB-Zone small business, small disadvantaged business or women-owned small business concern.
6. To be eligible for award as a small business, an offeror must represent in good faith that it is a small business at the time of its written representation.

DOCUMENTATION REQUIREMENTS

STEP	TRANSACTION	DOCUMENTATION – ACTION
1	Establish Legitimate Government Need	<ul style="list-style-type: none"> * <u>NCRCC PRE-APPROVAL FORM</u> * B.O. Approval Signature - E-mail Approval Acceptable (CH must attach to the PRE-APPROVAL FORM) * Obtain any special approvals/waivers * <u>Authorized Transaction</u>: Lawful, Legitimate, Bonafide, Minimum Govt Need at a Fair and Reasonable Price
2	<u>Order Placement</u> 1. Quote Sheet 2. Award Decision 3. Price Reasonableness Determination 4. Small Business 5. Sole Source Documentation 6. Appropriate Clause Must be in Contract	<u>Forms</u> <ul style="list-style-type: none"> * <u>Quote Sheet</u> - list vendors, salient characteristics, quantities, price * <u>Award Decision</u> - document the rationale for selection of the vendor * <u>Price Reasonableness Determination</u> - why price is fair/reasonable * <u>Justification for Purchase From Other than a Small Business</u> * <u>Sole Source Justification Memo</u> * <u>Actions to perform when Placing an Order</u> <ul style="list-style-type: none"> - Verify Funding Available, Update Purchase Log - Screen for Mandatory Sources, Identify Small Business - Promote competition, rotate vendors, avoid split purchases * <u>Confirmation Order from Vendor</u> <ul style="list-style-type: none"> - ensure no sales tax charged, a single delivery - no backordered items, clarify return policy * <u>Vendor may charge the Card</u> <ul style="list-style-type: none"> - Supplies = after shipment - Services = after performance and Government acceptance * <u>Appropriate Clauses</u> <ul style="list-style-type: none"> - 52.232.36 “Payment By Third Party” – when method of payment is GPC - 52.213-2 “Invoices” - for Advance Payments For Subscriptions
3	Independent Receipt & Acceptance	<ul style="list-style-type: none"> * Receive a Packing Slip, VISA Slip, Sales Slip, or Invoice from Vendor/Receiving Warehouse, to ensure proof of delivery and that the goods or services purchased conform to the requirement * Obtain detailed itemized Invoice * Screen for Accountable Property and notify PBO * Govt Acceptance: Signature by someone other than cardholder
4	Dispute Resolution	<ul style="list-style-type: none"> * Resolve any disputes or disputed items with Vendor * Unresolved dispute over 30 days, initiate the dispute in AXOL or forward CSQI Form to Bank * Contact APC if necessary
5	Payment	<ul style="list-style-type: none"> * Cardholder Statement Reconciliation * Billing Statement Certification within 5 days of cycle end date * Bulk Funding Update * Verify last Billing Statement was paid
6	Records Retention	<ul style="list-style-type: none"> * Retain records for 6 years and 3 months * Ensure records are readily accessible for review

g. SOLE SOURCE PURCHASES

CHs do not have the authority to purchase sole source requirements on the open market above \$3,000. If you have a sole source requirement above \$3,000 and no existing contract or Federal Supply Schedule can meet your requirement, forward the requirement to NCRCC or your servicing contracting office.

1. **“Sole source acquisition”** means a contract for the purchase of supplies or services that is entered into by an agency after soliciting and negotiating with only one source. **Sole source purchases above \$3,000 must be against an existing contract only.**
2. A CH cannot place a sole source order above \$3,000 without first:
 - (a) Providing adequate and reasonable justification.
 - (b) Certifying the accuracy and completeness of the justification.
 - (c) Obtaining any approvals required. Technical and requirements personnel are responsible for providing and certifying necessary data to support their recommendation.
3. **Acceptable Sole Source Justifications:**
 - (a) The agency need for the supplies is so urgent that providing a fair opportunity for competition would result in unacceptable delays. Must document in the file.
 - (b) Only one offeror is capable of providing the supplies or services required at the level of quality required because the supplies or services ordered are unique or highly specialized. Must document in the file.
 - (c) The order must be issued on a sole source basis in the interest of economy and efficiency as a logical follow-on to an order already issued. This exception is not applicable for annual requirements (can't use to renew services year after year). Must document economy and efficiency in the file.
4. **Unacceptable Sole Source Justifications:**
 - (a) A lack of advance planning by the requiring activity, or,
 - (b) Concerns related to the amount of funds available (e.g., funds will expire) to the agency or activity for the acquisition of supplies or services.

Justification must contain sufficient facts and rationale to justify the use of the specific authority cited. Justification shall include the following information.	
1	Identification of the agency and the document as a sole source justification.
2	Description of the supplies or services required to meet the agency's needs.
3	Identification of the exception which permits the sole source.
4	Explain why you need to sole source.
5	A description of the market research conducted to identify sources and the results.
6	A statement of the actions, if any, the agency may take to remove or overcome any barriers to competition before any subsequent acquisition for the supplies or services required.
7	Certification that the justification is accurate and complete to the best of the cardholder's knowledge and belief.

h. PAYMENT FOR TRAINING UP TO \$25,000

1. The purchase card is the authorized method of payment for all commercial training requests using the SF 182 (Authorization, Agreement and Certification of Training) valued at or below \$25,000.
2. The total price of the training authorized by the use of a SF 182 may not exceed \$25,000. Include all students being placed into a course and any other costs charged by the vendor to determine the total amount of a training requirement.

i. ADDITIONAL REPORTING REQUIREMENTS

In the AXOL Order Form, the Contract Number and Business Size (large or small) must be entered by the cardholder. This is in addition to the description of the item(s) purchased. This is needed for Contract Action Reporting.

j. CHECKLIST FOR TRANSACTIONS OVER \$3,000 UP TO \$25,000 ACCOUNTS

25K CHECKLIST			YES	NO	N/A
1	ACQUISITION PLANNING FAR 13.101 FAR Part 8	Funding Adequate - Requirements must not be broken down into several purchases or artificially reduced to smaller quantities to avoid regulatory thresholds or delegated authority limits. 1. Use Bulk Funding to the maximum extent practicable (FAR 13.101)			
		Market Research Adequate: The office initiating the purchase is responsible for identifying the need, describing the requirement, obtaining any required commodity approvals, and assisting as needed in technical evaluation of offered products and services. Sources - Must promote Small Business - Must screen for mandatory sources such as: _____ Agency Inventory or Excess property _____ UNICOR Comparability _____ ABILITY ONE _____ Army BPA _____ FSS _____ Mandatory Contract: e.g. ADP, IT, _____ Army Small Computer Program _____ DAPS - Identify Deliverables - Identify any Quantity Discounts or Price Breaks			
		CHs are authorized to buy supplies and services that: * Support the agency mission * are purchased at a fair and reasonable price * and are not prohibited by law or regulation			
		Agencies are required by 10 U.S.C. 2384(a) and 41 U.S.C. 253f to procure supplies in such quantity as: (1) Will result in the total cost and unit cost most advantageous to the Government, where practicable; and (2) Does not exceed the quantity reasonably expected to be required by the agency. e.g. Year end buys			
		THERE IS NO AUTHORITY TO MAKE OPEN MARKET PURCHASES ABOVE \$3,000 REGARDLESS OF ANY MARKET RESEARCH - Only exception is commercial training courses using SF 182			

25K CHECKLIST			YES	NO	N/A
2	JUSTIFICATIONS AND APPROVALS	<p>1. Establishment of the Legitimate Government Need - (Description of Agency Need) - The description of agency need must contain sufficient detail for cardholders to know which commercial products or services may be suitable. Describe the type of product or service and explain how the agency intends to use the product or service in terms of function to be performed, performance requirement or essential physical characteristics.</p> <p>2. Authorization and Approvals must be obtained to include signatures and waivers. The following Items require pre-purchase approval from your activity or other organization, as appropriate (See Chapter 12 of PCOP):- Hazardous Material - Advertising – Printing - Video Information - IT - Ergonomic-related - Short term rentals - Food and Refreshments - Wood Packaging Material (WPM)</p>			
3	SMALL BUSINESS FAR 13.003	<p>Govt must provide maximum practicable opportunities to small business concerns.</p> <p>Justification for Dissolving Small Business Set-Aside</p> <p>This purchase was not set-aside for small business because (check one):</p> <p>_____ Mandatory source available</p> <p>_____ Subscriptions/Publications: These items must be purchased from the publisher and are not available through other sources at reasonable rates</p> <p>_____ Maintenance and Repair: The manufacturer or distributor is the only company able to provide the parts or services needed due to restrictions imposed by the manufacturer or the unique knowledge and capability of the manufacturer or distributor</p> <p>_____ Auxiliary items for equipment already in house: The manufacturer of the basic equipment is the only source for this auxiliary equipment. No other equipment can satisfactorily function with the equipment already on hand.</p> <p>_____ Proprietary Item: This item is only available from one source due to patent or copyright restrictions.</p> <p>_____ Mandatory Contract: The item to be obtained falls under a mandatory contract and failure to obtain the item under the contract would be a violation of the contract terms.</p> <p>_____ CH has determined there is not a reasonable expectation of obtaining quotes from two or more responsible small business concerns.</p> <p>_____ If no small businesses respond to your market research, document, and then resolicit to large businesses against an existing contract.</p>			

25K CHECKLIST			YES	NO	N/A
4	COMPETITION REQUIREMENTS FAR 13.104FAR 13.106	QUOTE SHEET - used to document competition requirements for purchases above \$3,000			
		All quotes received were from an existing contract such as: 1. GSA Schedule (Federal Supply Schedule) - List Contract Number and Expiration Date 2. Government Wide Area Contracts (GWAC) or local agency contracts 3. BPAs or IDIQ contracts			
		Three quotes generally ensure vendors have a fair opportunity to compete. You must consider all quotes received.			
		DO NOT mix solicitations between small and large businesses and do not include open market quotes. Sources other than small business should not be contacted until the CH determines the item or service is not reasonably available from a small business.			
		GSA Schedules (FSS) - Must check price-list of at least 3 schedule vendors. Go to GSA Advantage (File results of query)			
		Must not solicit quotes based on personal preferences or restrict quotes to only well-known and widely distributed makes or brands.			
		Procure only those supplies or services in such quantity as: 1. Results in total cost most advantageous to the Govt 2. Does not exceed the quantity reasonably expected to be required by the activity.			
5	PRICE REASONABLENESS DETERMINATION - normally competition establishes price reasonableness FAR 13.106-3	Purchases exceeding the micro purchase threshold must be supported by a written determination by the CH that the price is fair and reasonable. The price for this purchase is fair and reasonable based on (check one): <input type="checkbox"/> Adequate Price Competition - 3 Quotes <input type="checkbox"/> Market Research <input type="checkbox"/> Comparison of previous purchases <input type="checkbox"/> Current price lists, catalogs, or advertisements <input type="checkbox"/> Value Analysis by CH, user, technical personnel <input type="checkbox"/> Personal knowledge of the item being purchased <input type="checkbox"/> Comparison to an Independent Government Estimate <input type="checkbox"/> Analysis of pricing information provided by the offeror			
		Do NOT solicit more bids than necessary to obtain the three quotes to establish adequate price competition.			

25K CHECKLIST			YES	NO	N/A
6	SOLE SOURCE JUSTIFICATION	Sole Source Justification is Based on (check one): _____ Urgent need - providing a fair opportunity for competition would result in unacceptable delays. _____ Only one offeror is capable of providing the supplies or services ordered are unique or highly specialized. _____ The order must be issued on a sole source basis in the interest of economy and efficiency as a logical follow-on to an order already issued. This exception is not applicable for annual requirements (can't use to renew services year after year). Must document economy and efficiency in the file.			
		Justification for SOLE SOURCE (complete each item below) 1. Identification of the agency and the document as a sole source document _____ 2. Description of supplies or services _____ 3. Identify the exception above that applies 4. Explain why you need to sole source _____ 5. Description of the market research conducted to identify sources and the results _____ 6. A statement of the actions, if any, the agency may take to remove or overcome any barriers to competition before any subsequent acquisitions take place _____ 7. Certification by CH that the justification is accurate and complete _____ Signature and Date			
		Unacceptable justification includes lack of advance planning or funds will expire.			
		Sole Source purchases above \$3,000 must be against an existing contract only.			
		CH must provide: 1. Adequate and reasonable justification 2. Certify the accuracy and completeness of the justification 3. Obtain any approvals required 4. Technical and requirements personnel are responsible for providing and certifying necessary data to support their recommendation. 5. Sole source justification not required if purchase is from a mandatory source.			

25K CHECKLIST			YES	NO	N/A
7	AWARD DETERMINATION FAR 13.106-3 Annotated on Quote Sheet	The file must include a brief written description of the procedures used in awarding the contract, tailored to the size and complexity of the acquisition, on the basis for the award decision.			
		If competitive quotations were solicited and award was made to other than the lowest offeror, documentation to support the purchase may be limited to identification of the solicited concerns and an explanation for the award decision.			
		The award decision memo must be completed on the bottom of the Quote Sheet			
8	CLAUSES Contract Payments Initiated by NCRCC Contracting Officer	When the Contracting Officer in NCRCC is using the GPC as a payment vehicle he/she must check the appropriate clause(s) are in the contract. CLAUSE 52.232.36 "PAYMENT BY THIRD PARTY" or CLAUSE 52.213-2 "INVOICES" for advance payments for subscriptions			
9	INDEPENDENT RECEIPT AND ACCEPTANCE FAR 46.102 FAR 13.101	Independent receipt and acceptance must be accomplished by someone other than the CH who ordered the supply or service (separation of duties). The CH is responsible for verifying that independent receipt and acceptance has occurred. The CH should reject supplies or services not conforming in all respects to the requirements (see FAR 46.102). If it is found to be in the Government's best interest, such supplies or services may be accepted. The CH ordinarily must give the vendor an opportunity to correct or replace nonconforming supplies or services when this can be accomplished within the required delivery schedule. Correction or replacement must be without additional cost to the Government.			

15. PURCHASE CARD AS A PAYMENT VEHICLE

The government-wide commercial purchase card may be used to make payments when the contractor agrees to accept payment by the card. For requirements above the micro-purchase threshold and less than \$25,000, the NCRCC contracting office can establish a purchase order or Blanket Purchase Agreement (BPA) to allow the purchase card to be used as a purchasing vehicle and a method of payment if no current contract exists.

a. PURCHASING OR PAYING

Making a purchase is obligating the government; whereas, payments liquidate an existing obligation.

- (a) Example of a purchase: Buying general office supplies from ABILITY ONE or GSA Advantage.
- (b) Example of a payment: When NCRCC executes a contract and the purchase card is cited as a method of payment, the vendor sends an invoice, and the CH/agency makes a payment with the purchase card.

b. PROCEDURES

- 1. “Payment to be made by purchase card” shall be inserted into the appropriate block of the contract document. (For example, a SF 182 is a contract document for procuring services). No purchase card numbers are to be cited. The agency’s name and address will be listed on the contract document. After the services are rendered, the vendor will send the agency an invoice, and the CH will make the payment.
- 2. Exception: When pre-payment is required at the time of registering for a training course, a CH is authorized to make advance payment.

c. PAYMENTS OVER \$3,000 AND LESS THAN \$25,000

A payment vehicle should already be in place for procurements over \$3k up to \$25k. For requirements above the micro-purchase threshold and less than \$25,000, the NCRCC contracting office can establish a purchase order or Blanket Purchase Agreement (BPA) to allow the purchase card to be used as a purchasing vehicle and a method of payment if no current contract exists. For more information and guidance, see your APC.

d. PAYMENTS OVER \$25,000

Designated warranted contracting officers within NCRCC are the only persons authorized to place orders or make payments with the purchase card over the \$25,000 limit. The warranted contracting officers are authorized to use the purchase card as a payment vehicle for supplies ordered from a GSA Schedule contract or other existing IDIQ contract or BPA. For example, the purchase card may be used to pay invoices for a copier maintenance service contract.

Contracting officer payment cards are paid manually. Cardholders will forward Statements of Account (SOA) with original signatures to the billing official with supporting documentation. Billing Officials will retain the original documentation. Billing Officials are responsible for ensuring that the certified invoice is submitted for payment to DFAS by the 5th day after the close of the billing cycle. Billing Officials are responsible for ensuring that their account is paid and up-to-date, this includes working with their Resource Manager and DFAS to resolve any payment discrepancies or errors.

NOTE: Failure to ensure that payment is made by DFAS in a timely manner may result in lost rebate monies and can result in the government being charged interest penalties.

Chapter

16

16. RETURNS, CREDITS, & REBATES

If an item is returned, a credit will appear on the CH's statement. Rebates are issued quarterly according to sales volume and payment timeliness. In accordance with the Prompt Payment Act the BO will certify and approve the monthly billing statement within five (5) business days.

a. VENDOR CREDITS/DISCOUNTS/MERCHANT REBATES

1. CHs should take advantage of any savings, such as rebates, incentives, and any product or volume discounts offered by the vendor. All reimbursements, rebates, or discounts, if due or received by check, must be made payable or endorsed to the U.S. Treasury, not to the CH. Checks shall be forwarded to the agency's resource manager for deposit. The CH's records should reflect specific details of all such transactions.
2. Federal law prohibits CHs from accepting or soliciting cash or merchandise from vendors. Under no circumstances will the cardholder accept a cash refund for non-receipt of, returned, or damaged items initially purchase using a government purchase card.
3. Vendors offering rebates, discounts and incentives shall not be used in lieu of purchasing from mandatory sources.
4. Any credit due shall be documented in the CH's records by indicating merchandise returned, date of return and the reason. Merchandise returns/credits are to be applied back to the purchase card on which the purchase was originally made. Be advised that if a vendor complied with your order, a re-stocking fee may be applicable. The potential for returns should be addressed during your negotiations for the purchase. Under no circumstances is a CH permitted to solicit or accept merchandise store credits or cash for returned goods or services bought with the Government Purchase Card.
5. The CH's billing statement shall be monitored for the proper amount of credit expected from the vendor. If a CH is aware of a credit pending, they should monitor their billing statement and approve the credited amount at the end of that monthly cycle.

NOTE: For those accounts not using Access Online, cardholders must match credits on the first cycle they appear on your billing statement. For those accounts using AXOL, credits post to CHs accounts as a pending transaction. CHs are still required to create an order for the credit. CHs must reconcile the credit with the credit order.

NOTE: Frequent merchandise returns are an indication of inadequate procurement planning, and have the potential for the appearance of fraud, waste and abuse of taxpayers' money.

b. U.S. BANK REBATES/CREDITS

1. Rebates are applied as credits to accounts, and are provided by U.S. Bank based on sales volume and payment timeliness. Rebates will be issued quarterly to accounts that are paid before the due date (less than 30 days from the date the statement was received). In addition, a combined total of all the CH rebates is shown on the BO's statement. The BO then uses the rebate as a payment against the total invoice amount.
2. Your APC receives a quarterly report from U.S. Bank listing credits for specific BO accounts. The APC coordinates with the BO to apply the credit. This type of credit will be identified as **"XFER PER AGENCY"** on the CH's billing statement.
3. The CH is cautioned not to dispute rebates or **"XFER PER AGENCY"** credits. If the amount is inadvertently disputed, it will delay the process of the money returning to your account by longer than 30 days.
4. The CH will receive rebates/credits from US Bank that will post to accounts in access online. CH's need to create an order for the rebate and match the rebate to a credit order.

c. REMOVING CREDITS FROM INACTIVE /TERMINATED ACCOUNTS

If a credit appears, first try to determine the reason. If it is due to a rebate or overpayment, please submit a request to your APC to transfer the credit to another purchase card account within your agency. If another account is not available to transfer the credit, your APC can request a credit refund check. Checks are made payable to the U.S. Treasury and deposited into your agency's funding by your resource manager. Purchase card accounts must have a zero balance in order to be purged from U.S. Bank's reporting system. If there is a balance of any dollar amount, the account will remain open and you will continue to receive notifications from U.S. Bank.

17. SUSPECTED FRAUD OR ABUSE

a. PREVENTING FRAUD

Reporting suspected fraud is the responsibility of each government employee in order to stop waste of taxpayers' money. An important factor to consider is that fraud is sometimes committed by or with the help of DoD employees. There have been instances of DoD employees creating or participating in the ownership of outside businesses for the purpose of committing fraud or abuse of the purchase card through their ability to make buys with the purchase card.

b. REPORTING SUSPECTED FRAUD OR ABUSE

If US Bank suspects fraud the US Bank fraud department will immediately suspend the account and attempt to contact the cardholder and the billing official. They will attempt to verify recent transactions. If US Bank is unsuccessful in reaching either party they will contact the Agency Program Coordinator. **It is very important that you maintain current contact information so that US Bank can contact you.**

c. REPORTING SUSPECTED FRAUD OR ABUSE

Report any suspected fraud or abuse to the Purchase Card Program Branch Chief at 703-428-1258. Other channels of reporting include your Agency Program Coordinator, the servicing Criminal Investigation Division office, the Inspector General, and calling the Fraud Department at 800-523-9078. You may also report purchase card abuses or fraud to the DoD Hotline at 800-424-9098.

Note- If cardholder suspects' fraud, they are responsible for reporting the suspected fraud or abuse. If cardholder is suspected of fraud, the Billing Official is responsible for reporting the suspected fraud or abuse.

d. INDICATORS OF FRAUD AND MISUSE

1. Purchases not permitted by law.
2. Purchases that do not serve a legitimate government purpose.
3. Improper source.
4. Mandatory source violations: FAR Part 8.7, ABILITY ONE Act.
5. Purchases of Personal use items.
6. Repetitive buys to the same commercial vendor.
7. Lack of documentation for a purchase.
8. Frequent purchases in even-dollar amounts.

9. Collusion to commit fraud.
10. Repetitive needs – BPA may be a better procurement method in order to lower prices, and the requirement may already have a BPA in place which will meet the requirement.
11. Frequent purchases at or just below the micro purchase limit.
12. Conduct falls short of societal expectations of prudent behavior.
13. Excessive cost. We are stewards of the taxpayer dollars and have a duty to purchase only the minimal needs of the government.
14. Failure to safeguard purchase cards and account number. Copying and faxing purchase cards is strictly prohibited because this presents an opportunity for fraud to occur.
15. **“Ghost shoppers”** are not permitted. CHs are not allowed to delegate their authority to permit others to shop on their behalf.
16. Questionable need items require additional pre-purchase approvals to justify and permit a determination that the purchases were not improper or abusive.
17. Higher price for faster delivery. Does the urgency justify the higher price for faster delivery?
18. No separation of duties.
19. Questionable Merchant Category Codes.
20. Several transactions to the same merchant in the amount of \$3,000.
21. Inadequate oversight by BOs and agencies.
22. Unauthorized purchases.
23. Multiple declined transactions.
24. Transactions occurring on non-working days (weekends).
25. CH unable to provide proof of purchases, such as receipts.
26. Recurring purchases of a high dollar amount.
27. Merchant addresses that appear to be a home address.
28. Payments made for items not received.
29. Split purchases - Defined as two (2) or more transactions for the same requirement exceeding the cardholders’ single spending limit.
30. Lack of accounting for nonexpendable, pilferable or sensitive items.
31. Forwarding billing statements late to the Finance Office and incurring interest penalties.

32. CHs frequently disputing purchases or making returns.
33. CH's billing statement approved by someone other than the BO or ABO.
34. CHs returning merchandise to vendors for store credit vouchers instead of having credits issued back to the Government Purchase Card account.
35. CHs allowing someone else to use there purchase card.
36. CH requests shipping to other than an official government address.

18. LIABILITIES & PENALTIES

Billing officials have pecuniary liability for erroneous payments. Consequently, the billing officials must ensure other personnel involved in the payment authorization process provide accurate and timely data. Billing officials may use administrative remedies, as needed, when a problem is identified.

Cardholders must comply with all applicable regulations, policies, and procedures including local standard operating procedures to support their respective certifying official with timely and accurate data, information, and/or service to ensure proper payments, i.e., payments that are supportable, legal, and computed correctly.

All accountable officials are responsible for ensuring that a system of internal procedures and controls for the portion of the payment-related process under their cognizance is in place to minimize opportunities for erroneous payments and to ensure that all procedural safeguards effecting proposed payments are observed. All officials involved in authorizing a payment are accountable, and these accountable officials, as well as certifying officers, shall be pecuniary liable for erroneous payments resulting from the negligent performance of their duties.

a. ADMINISTRATIVE REMEDIES – Billing Officials/ Supervisors/ Managers must take action when the purchase card is used improperly.

(a) Non-Disciplinary Actions

- (1) Retraining – NCRCC-sponsored orientation training; and,
- (2) Constructive counseling for isolated instances.

(b) Disciplinary actions - in determining an appropriate penalty to impose for an act of employee misconduct; supervisors must be aware of the “Douglas Factors”. These can be viewed at <http://cpol.army.mil/library/permis/5a12.html>.

(1) Disciplinary actions should fit the violation for:

- i. Recurring, persistent lack of adherence to internal controls and improper, abusive, and fraudulent transactions;
- ii. Need to implement specific consequences for improper, abusive, and fraudulent transactions; and,
- iii. Impose progressive discipline as follows;
 - (A) Formal – informal reprimands, including repeat review findings
 - (B) Suspension of the card

- (C) Cancellation of the card
- (D) Termination of employment
- (E) Referral to investigative authorities.
- iv. Clearly outline the consequences and penalties of inappropriate behavior prior to issuing a purchase card.
- v. Ensure swift action is taken for those who improperly use the card, and make known the consequences of that improper use.
- vi. Hold individuals responsible for proper program execution.
- vii. Require reimbursement for all unauthorized transactions.
- viii. Require benefiting individuals to reimburse the government for any personal items they have received.
- ix. Maintain a remedial action plan.

Also, see the following memo's on disciplinary guidelines. Documentation on any disciplinary action taken must be maintained.

- ◆ Memorandum on [“Guidance for the Investigation of Fraud, Waste, and Abuse involving the Use of Purchase Cards and Travel Cards,”](#) dated 09/25/02.
- ◆ Memorandum on [“Disciplinary Guidelines for Misuse of Government Charge Cards by Military Personnel”](#) from the Office of the Under Secretary of Defense, dated 06/10/03.
- ◆ Memorandum on [“Government Charge Card Disciplinary Guidelines for Civilian Employees,”](#) from the Office of the Under Secretary of Defense for Personnel and Readiness, dated 04/21/03.

b. PECUNLARY LIABILITY

BOs are financially liable for erroneous payments in accordance with DoD Directive 7000.15, “DoD Accountable Officials and Certifying Officers,” and Chapter 33, “Accountable Officials and Certifying Officers,” Volume 5, DoDFMR. Pecuniary liability is defined as personal financial liability for fiscal irregularities of disbursing and certifying officers and accountable officials as an incentive to guard against errors and theft by others and also to protect the government against errors and dishonesty by the officers themselves. The amount of the pecuniary liability is determined under Title 31 U.S.C 3729. Certifying Officials are responsible for:

- Information stated in an invoice, supporting documents, and records;
- Computation of a certified invoice;
- Legality of a proposed payment under the appropriation or fund involved;
- Issuing advice to accountable officials;
- Seeking guidance from fiscal authorities; and,

- Repaying a payment: determined to be illegal, improper, or incorrect because of an inaccurate or misleading certification; determined to be prohibited by law; or that does not represent a legal obligation under the appropriation or fund involved.

c. CIVIL LIABILITY

Use of the purchase card for other than authorized, official Government business may result in immediate cancellation of the CH's authority to use the purchase card. A CH acting without appropriate authorization and/or outside of the authority specified in his or her delegation of procurement authority may be held personally liable for his or her actions. Where there is fraud, the CH may be liable for an amount not less than \$5,000 and not more than \$10,000 plus three (3) times the amount of damages, which the Government sustains for each false or fraudulent entry or transaction. False claims are covered in 31 U.S.C. 3729. Cardholders, Billing Officials and Alternate Billing Officials may be held liable for negligent performance of duties. Failure to act in accordance with regulations, policies and procedures may be considered negligence. Refer to AR-715-XX,

d. CRIMINAL LIABILITY

Under 18 U.S.C. 287, "Whoever makes or presents to any person or officer in the civil, military, or naval service of the United States, or to any department or agency thereof, any claim upon or against the United States, or any department or agency thereof, knowing such claim to be false, fictitious, or fraudulent, shall be imprisoned not more than five years and shall be subject to a fine in the amount provided in this title."

e. EXAMPLES OF PURCHASE CARD MISUSE

The following examples of purchase card misuse are not all inclusive. Each infraction, depending on its type, severity and magnitude, can be a violation of one or several of the laws listed in e., below. They are: split purchases; unauthorized purchases; payments made for items not received; exceeding purchase authority; false claims; falsely representing one's self to be the CH; false certification of an invoice; false account certifications; improper receipt of goods and services; using the mail to process a false account certification; divulging passwords to another in order to certify an account; participating as a "ghost shopper"; any action taken in the discharge of duties as a government employee affecting personal financial interest; returning merchandise to vendors for store credit vouchers instead of having credits issued back to the Government Purchase Card account; and, any attempt to provide or accept a kickback.

Here are a couple of cases taken from the Encyclopedia of Ethical Failure

http://www.DoD.mil/DoDgc/defense_ethics/:

Not So Much of a Bright Bulb!

The Facts: A former supervisor in the Bureau of Indian Affairs used a Government-issue credit card to purchase excessive quantities of overpriced light bulbs from a North Dakota company. In exchange for his act as a poor shopper, he accepted \$21,000 in bribes. For his savvy purchasing, he was sentenced to one year and nine months in prison and ordered to pay \$72,000 in restitution.

The Law: 18 U.S.C. § 201(b) (2003) forbids Federal employees from (among other things) seeking or receiving anything of value in return for being influenced in the performance of an official act or to commit or to assist the commission of any fraud against the United States. It mandates fines, imprisonment for up to 15 years, or both, along with disqualification from holding "any office of honor, trust, or profit under the United States."

Use of Fellow Soldiers' Government Credit Cards Earns Reprimand

While conducting operations in Kuwait, an Army Major in the Corps Support Group Advance Party needed a number of mission-essential items. He ordered these items with several Government Purchase Cards (GPCs). The only problem, the cards were not his. Before deployment, the Major had managed to collect a list of the numbers and security codes of GPCs held by members of his unit who were not deploying. These cardholders then noticed a rash of unexplained payments from Kuwait. As cardholders are personally responsible for the charges on their cards, several cardholders disputed the charges in accordance with regulations. This led to a long series of unnecessary and frustrating exchanges with the credit card company. As a result of his actions, the Major received counseling. While there was no evidence that he had used the cards for personal purchases, his use was unauthorized. GPCs can only be used by their authorized cardholder with the consent of an Approving Official. Unauthorized use bypasses the safeguards created to minimize abuse.

Running Up the Government "IMPAC" Card

The Facts: A (former) civilian director of the Pentagon's Graphics and Presentation Division used her Government-issued, Merchant Purchase Authorization Card ("IMPAC") to make 522 fake purchases from a Seattle company created by a fellow schemer solely to carry out the fraud. Payments by the Government for the "purchases" were made to the Seattle firm, but the co-schemer would simply cash the checks and split the "take" with the director. The director was caught and sentenced to three years and one month in prison and was ordered to pay \$1.7 million in restitution.

The Law: Don't steal. Theft violates various state and Federal laws.

Department of Defense Civilian Employee Misuses Credit Card

A Department of Defense civilian employee recently pled guilty to one count of theft of Government property. The employee entered into an arrangement with two vendors in which they would charge the Government credit card for non-existent goods and services. The vendors would then give cash to the DoD employee. The vendors charged over \$12,000 and kicked back \$3,000 to the employee. The employee was sentenced to two years probation with four months home confinement, and ordered to pay \$12,473 in restitution and a \$1,000 fine.

For other examples regarding the misuse of the purchase card please see the DoD IG website at <http://www.DODig.osd.mil/Audit/reports/index.html> or the Government Accountability Office (GAO) website at <http://www.gao.gov/docsearch/repandtest.html>.

f. AUTHORITIES

The following criminal and civil authorities (not all inclusive) allow action against an individual who misuse or abuse the purchase card:

2. Criminal:

- (a) False Claims; 18 U.S.C. 287
- (b) False Statements; 18 U.S.C. 1001
- (c) Mail Fraud; 18 U.S.C. 1341
- (d) Wire Fraud; 18 U.S.C. 1343
- (e) Conspiracy to Defraud; 18 U.S.C. 371

(f) Conflicts of Interest; 18 U.S.C. 208

(g) Uniform of Code Military Justice (military only); 10 U.S.C.

3. Civil/Administrative:

(a) False Claims Act; 31 U.S.C. 3729

(b) Program Fraud Civil Remedies Act; 31 U.S.C. et seq.

(c) Administrative Remedies For False Claims and Statements 31 U.S.C. 3802

(d) Anti-Kickback Act; 41 U.S.C. 51 et seq.

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